

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The York County School Division Component Unit of the County of York, Virginia

For the Fiscal Year Ended June 30, 2011

Prepared by the Department of Finance

Dennis R. Jarrett, CPA, CPFO
Chief Financial Officer

Karen L. Fowler
Budget and Financial Supervisor

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**THE YORK COUNTY SCHOOL DIVISION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2011**

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INTRODUCTORY SECTION



302 Dare Road
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November 20, 2011

Citizens of York County and
Honorable Members of the School Board of the County of York, Virginia

The Comprehensive Annual Financial Report of the York County School Division (hereafter School Division), a component unit of the County of York, Virginia for the fiscal year ended June 30, 2011 (FY 2011), is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School Division. All disclosures necessary to enable the reader to gain an understanding of the School Division's financial activities have been included.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The School Division's MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, an organizational chart and a list of principal officials. The financial section includes the MD&A, basic and fund financial statements, notes to the financial statements, required supplemental information (RSI) other than MD&A, as well as the independent auditors' report on the MD&A, financial statements and schedules. The statistical section includes selected financial and demographic information, presented on a multi-year basis, where possible. The compliance section includes reports by the independent auditor on compliance and internal control.

The School Division is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and auditors' reports, is included in the County of York's Comprehensive Annual Financial Report.

Profile of the Reporting Entity and Organization

York County, which was originally named Charles River County, was one of Virginia's eight original "shires" formed in 1634. It was renamed nine years later in 1643 when the river that determines the County's character was given the name of the then Duke of York. York County has played a major role in the development of the nation. Most importantly, it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

York County (County) is located in the Atlantic Coast's "urban crescent" on the beautiful Virginia peninsula. Situated midway between Richmond and Virginia Beach, the County's residents help comprise one of the nation's largest metropolitan areas, commonly referred to as Hampton Roads.

The School Division is responsible for elementary and secondary education (kindergarten through 12th grade) within the County. Total enrollment in FY 2011 was 12,467 and projected budgeted enrollment for fiscal year 2012 (FY 2012) is 12,410. Students are offered a broad range of services including regular education, special education, career and technical education, and gifted education. The oldest school building was built in the early 1950's and the newest school building was built in the mid 1990's. All school facilities undergo a complete renovation approximately every 20 years.

The elected five member School Board, vested with legislative powers, appoints the Superintendent, the executive and administrative head of the public school division. The School Division is fiscally dependent (i.e., it does not have taxing, levying, or borrowing authority) and is a component unit of the County of York. It derives most of its funding from allocations from the County and the Commonwealth of Virginia. The County Board of Supervisors approves the School Division's operating budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of bonds when necessary. The Board of Supervisors is prohibited from exercising any control over specific appropriations within the operating budget of the School Division. However, the Board of Supervisors may exercise control in total by major categories (e.g., Instruction, Pupil Transportation) as prescribed by the Code of Virginia, as amended.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (County of York) and its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable (e.g., a component unit that is fiscally dependent on the primary government). The School Division is considered a component unit of the County of York.

This report includes all funds of the School Division. The School Division has no component units for financial reporting purposes.

Economic Condition and Outlook

Across the nation, school divisions prepared budgets for FY 2011 in a difficult fiscal situation due to the economy. In Virginia, state revenue for public education was down significantly.

In spite of the recession gripping the state and the country, York County maintained a relatively stable local economy in FY 2011. York County is also fortunate to have affordable and plentiful housing and a moderate cost of living. As members of the dynamic Hampton Roads community, York County citizens have at their fingertips a wide variety of personal, professional and leisure opportunities, including numerous colleges and universities, theme parks, historical areas and much more. During the year, population grew to more than 65,000.

In May 2004, York County ranked in the top 2% of best counties in a nation-wide quality of life study conducted by American City Business Journals, Inc. York County ranked 37th among the nation's 3,141 counties and independent cities for quality of life among citizens. American City Business Journals' study used 20 categories for the quality of life rating, including median household income, racial diversity, unemployment (York County has very low unemployment), commute times for residents and high school graduation rates.

During 2007 staff worked closely with a team of students from William and Mary's Thomas Jefferson Public Policy Program to review and revamp the Business Retention & Expansion Survey, making it more useful and user-friendly. The format, question style, and visual appeal were all greatly improved. In January 2008, the County Office of Economic Development mailed 840 surveys. 178 responses were received via mail and the Economic Development website for a 21% return rate.

The overall opinion regarding the County's business environment was very positive. 70% of the respondents believed that the County was a good or excellent place to operate a business. The main issue for the respondent's businesses was the current state of the economy. Many listed the economy, rising cost of living, or change in consumer spending habits as the key issue facing their business today. Workforce issues seem to be the most consistent and problematic issues facing the survey respondents. Additionally, of those responding to the survey, 25% indicated they have issues in the areas of workforce development and employee attraction and retention.

The Office of Economic Development in partnership with the Economic Development Authority (EDA) took advantage of the economic slowdown by focusing on business retention/expansion and preparing product for the inevitable economic recovery. FY 2011 economic development highlights for York County include:

- ◆ Home-Based Business Transition Grant Program

The Economic Development Authority (EDA) launched the Home-based Business Transition Grant Program. The program's purpose is to encourage the growth and success of small home-based businesses by assisting them in the transition to a commercial location. This will help to retain & grow York County businesses, establish and maintain an ongoing relationship with small business owners and entrepreneurs who we've not been able to reach before, increase the commercial tax base in York County, and provide new job opportunities for local residents.

The EDA has appropriated \$25,000 in available grant funds for this program. Grants up to a maximum of \$2,000 per business can be awarded for the following uses: purchase of supplies, equipment, or inventory, down-payments towards the lease or purchase of a commercial location, renovations or minor repairs to a new commercial location, or advertising/marketing.

- ◆ S.B. Cox

In January 2011 S.B. Cox initiated construction of a 38,000 sq. ft. construction debris recycling facility just off of Old York Hampton Highway near the CSX rail crossing. The EDA executed a joint infrastructure development agreement with S.B. Cox as part of the land sale that will result in 10 acres of EDA property becoming shovel ready for light industrial development. The new facility opened in September 2011 and initially employed approximately 18 people full time staff.

- ◆ Yorktown Crescent

In June 2011 the County approved its second mixed use project, Yorktown Crescent. Located at the corner of Ft. Eustis Blvd. and Rt. 17 this 16.7 acre development will have a mixture of residential offerings and at full build out, 38,000 square feet of commercial space. The first mixed use project approved in the County, Nelson's Grant, received site and building plan approval in FY 2011 and the developers hope to initiate construction early in FY 2012.

◆ Casey Toyota

Casey and Associates, LP made the decision to acquire land and build a new dealership on East Rochambeau next to Williamsburg Ford early in 2011. Casey had been leasing property in York County on Lightfoot Road. This existing business expansion required a Special Use Permit that was approved by the Board of Supervisors in March 2011. Casey will be constructing a 38,000 sq. ft. auto dealership that will sell and service new and used cars and trucks.

In addition to local economic growth, the current period's financial statements were positively impacted by federal grants. In accordance with School Board policy, the School Division accepts all federal funds which are available, provided there is a specific need for such funds. In continuing to implement that policy, the School Division applied for and received funds from the federal government for programs such as Impact Aid, No Child Left Behind, Special Education Title VIB, and one-time funds from the Department of Defense due to the high percentage of students with parents or legal guardians connected to the military. Funds were also received on a one-time basis from the federal government related to the American Recovery and Reinvestment Act of 2009, otherwise known as federal stimulus funds. In FY 2011, a portion of the one-time federal Job's Funds that were appropriated by the federal government were expended. In total, federal grant revenue totaled 13.6% of total General Fund Revenue.

This percentage will decrease in FY 2012 as compared to FY 2011 because the American Recovery and Reinvestment Act of 2009 funds were fully expended in FY 2011. The only federal one-time economic stimulus funds remaining in FY 2012 is a portion of the federal Job's Funds.

Accounting System

In developing and evaluating the School Division's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the School Division's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions. The accounting system is organized and operated on a function basis. Each function, relating to a specific area of operation, includes a report of appropriations, expenditures, encumbrances, and fund balances for each line item appropriate for that function.

Budgetary Controls

The School Division's budgetary controls are an integral part of the School Division's internal control system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board and County Board of Supervisors. Activities of the General Fund and Special Revenue Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Fund.

Major Initiatives

In 2010-11, the York County School Division continued to focus on programs and services that help to serve the tradition of excellence in York County.

The School Division continues to meet the academic requirements of the state and to provide a well-rounded approach to education. The Division has fine-tuned existing academic programs, added new courses to the Program of Studies, consistently correlated its curriculum with the state Standards of Learning (SOL), and provided professional development opportunities that expand the experience and expertise of the Division's instructional staff. Highlights of 2010-11 curriculum and professional development efforts include:

- ◆ Community Surveys

In the Fall of 2008, the School Division commissioned an online community opinion survey that was designed to gather information to assist the School Board in developing a new strategic plan. The goal of the survey was to determine which issues related to public education our community believed to be the most important. Over 1,100 community members took the survey, and the survey results were reviewed by the School Board at their strategic planning retreat.

Additionally, four community forums were held in each of the four school zones. These forums provided community members with an opportunity to share their opinions regarding expectations for the community's schools and to discuss what they believe defines student success.

- ◆ Curriculum Development

The School Division's curriculum development effort is an ongoing process of development and review that emphasizes the Standards of Learning (SOL) within a rich instructional program. Incorporating content outlines, SOL related and technology standards, learning objectives, instructional strategies, and sample assessments, the curriculum guides for both CORE and non-CORE courses reflect current best instructional practices and essential knowledge from the Standards of Learning Teacher Resource Guides.

Curriculum development provides descriptive and reliable guides for teachers and ensures that York County School Division students are taught in a manner that prepares them adequately for the SOL tests. As new courses that broaden students' interests and guide them to meaningful and appropriate career paths are added to the Program of Studies K-12, curriculum is written for each of these courses. In addition, a comprehensive and user-friendly Secondary Program of Studies Registration & Information Guide containing all middle and high school courses as well as general academic information is published to assist students and their parents in planning secondary school course work.

- ◆ No Child Left Behind

No Child Left Behind (NCLB) legislation requires annual testing of at least 95% of all students to measure progress in reading and math, and requires schools and school divisions to meet targets for achievement in four subgroups. The subgroups are students with disabilities, Limited English Proficient students, economically disadvantaged students (based on free/reduced lunch status), and major racial/ethnic groups.

NCLB sets annual objectives (or targets) for student participation and performance on these reading and math tests. As we move closer to 2014, the 100% proficiency deadline, the Annual Yearly Progress (AYP) bar will be raised each school year. For a school or school division to “make AYP” it must meet or exceed all targets for participation in statewide testing, achievement in reading and math, and attendance (elementary and middle schools) or graduation (high schools). Missing a single target results in a school or school division not making AYP. Overall, 13 of the 19 division schools made AYP last school year.

◆ Virginia Standardized Tests (Standards of Learning)

Standards of Learning tests are administered to students in grades three through eight, and students enrolled in certain high school courses. Students are required to earn a certain number of verified credits to be eligible for a standard or advanced high school diploma. Verified credits for graduation will be based on achievement by the student of a passing score on the required end-of-course SOL tests.

Based on Spring 2011 SOL test results, the York County School Division had all elementary, middle, and high schools *Fully Accredited*. All York County Schools have achieved the state’s highest accreditation ranking (Fully Accredited) in school years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011.

◆ Scholastic Aptitude Test (SAT)

The total combined mean of math and verbal scores on the SAT continue to be above the state and national level for York County School Division students.

◆ Career/Technical Offerings

Within the York County School Division, four career and technical education programs are offered for high school credit with concentrations that lead to career and technical education completer status. Meeting the needs of students as they prepare to work in the 21st century are offerings in Business and Information Technology, Marketing Education, Technology Education and Trade and Industrial Education. Students at Bruton High School had an opportunity to take a new CTE course in the Health and Medical Sciences program area this year, “Introduction to Health and Medical Sciences”. This will lead to additional courses in the future to expand our program areas from four to five with additional opportunities for students to obtain completer status.

◆ Division continues to grow with the community.

Several construction projects were started or completed during the 2010-11 school year:

- Completed construction on a \$2.5 million addition of ten classrooms at Mount Vernon Elementary School to meet classroom space needs for students presently enrolled that exceed building capacity in the School Division.
- Completed construction of a \$1.2 million addition of six classrooms on the campus of Yorktown Middle School for York River Academy. York River Academy was previously housed in trailers on the campus of York High School.
- Began a \$1.8 million renovation of the HVAC system, windows, floor tile, and lighting at Dare Elementary School.

◆ Future Initiatives

In the future, the School Division will continue to focus available resources on maintaining student to teacher ratios. Available revenues will also be directed toward programs and initiatives that will enhance the School Division's ability to continue to meet or exceed the State Standards of Learning and the requirements of the federal *No Child Left Behind* legislation.

Maintain a competitive compensation plan for licensed and non-licensed staff.

Major facility improvements planned for FY 2012 include the replacement of the heating and air conditioning ventilation system at Grafton Bethel Elementary at a cost of \$1.1 million and Coventry Elementary (including gymnasium) at a cost of \$2.5 million.

Independent Audit

An annual audit of the books of accounts, financial records, and transactions of all departments of the School Division has been performed by Cherry, Bekaert and Holland, L.L.P., Certified Public Accountants. The auditors' report, which includes their unqualified opinion on the basic financial statements of the School Division, is contained in this report.

Instructional Leadership Awards

- ◆ A Quality Assurance Review was conducted by the Council on Accreditation and School Improvement (CASI) of the Southern Association of Colleges and Schools (SACS) on the York County School Division in the Spring of 2007. This review is required every five years for the division to meet the Standards of Accreditation.

Based on an extensive review of documentation, a review visit from March 19-21, 2007 and interviews of a representative set (over 300 individuals) of stakeholders throughout the School Division and the County, the Quality Assurance Review team reported that the school system satisfactorily met the expectations and responsibilities for the SACS CASI review for Division Accreditation.

This is a nationally recognized accreditation in which only approximately 100 school divisions in the nation earned.

- ◆ Grafton High School, one of four high schools in the school division, was named one of America's Best High Schools in the 2008 *U.S. News and World Report* ranking of America's Best High Schools. Using methodology developed by School Evaluation Services, a K-12 education data research business operated by Standard and Poor's, 18,790 public high schools were analyzed using a three-step process. The 100 high schools that did the best earned gold medals. The next 405 top-performing high schools earned silver medals. Grafton High School was one of only two high schools in the entire Hampton Roads region that earned a silver medal.

- ◆ In FY10 the York County School Division received the “What Parents Want” award. The award is given to school districts by School Match Public Priority Systems, Inc. for providing programs that meet certain criteria and match the needs of parents and children. In 2010, only 16% of the nation’s 15,571 public school districts earned this award.
- ◆ The U. S. Department of Education Blue Ribbon Schools Program honors public and private elementary, middle and high schools that are either high performing or have improved student achievement to high levels, especially among disadvantaged students. Public Schools are nominated by state superintendents. In September 2010, the U.S. Department of Education announced that Grafton Bethel Elementary School had earned the Blue Ribbon School award. Grafton Bethel was one of only 264 public schools and 50 private schools in the nation to receive this award. In November 2010, the school principal and several teachers were honored at an awards ceremony in Washington, D.C.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for the fiscal year ended June 30, 2010 (FY 2010). In addition, the Association of School Business Officials of the United States and Canada (ASBO) awarded a Certificate of Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for the FY 2010. In order to be awarded a Certificate of Achievement from the GFOA or a Certificate of Excellence from ASBO, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is the highest form of recognition awarded in the field of governmental financial reporting.

A certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We also believe that our current comprehensive annual financial report continues to meet the Certificate of Excellence program requirements and we are submitting it to ASBO to determine its eligibility for another certificate.

Budget Presentation Awards

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the York County School Division for its annual budget for the fiscal year beginning July 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device. In addition, the Association of School Business Officials of the United States and Canada (ASBO) presented a Meritorious Budget Award to the York County School Division for its annual budget for the fiscal year beginning July 1, 2011. This program is designed to recognize school systems for achieving excellence in their school system budget presentation. The foundation of this program is a set of criteria developed by ASBO.


Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Department of Finance. We would also like to thank the members of the School Board for their interest and support in planning and conducting the financial operations of the School Division in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Williams", with a long, sweeping horizontal line extending to the right.

Eric Williams, Ed. D.
Division Superintendent

A handwritten signature in black ink, appearing to read "Dennis R. Jarrett", with a long, sweeping horizontal line extending to the right.

Dennis R. Jarrett, CPA, CPFO
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The York County
School Division, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

YORK COUNTY SCHOOL DIVISION

For its Comprehensive Annual Financial Report (CAFR)

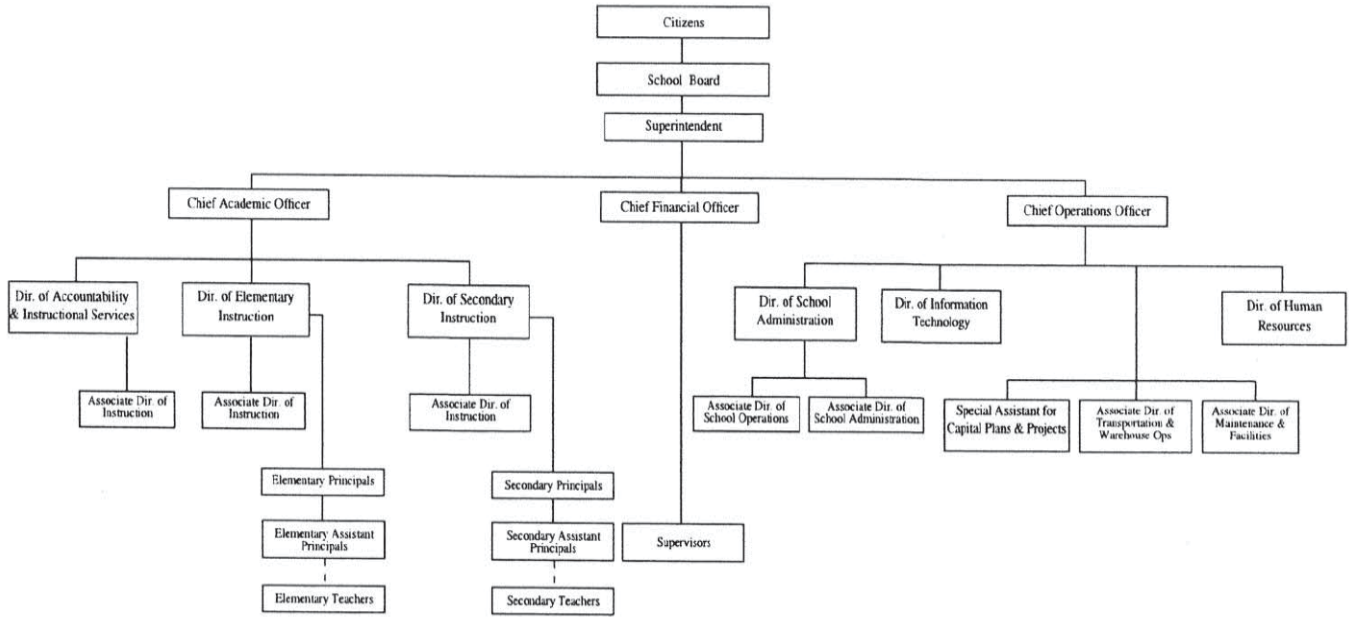
For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

YORK COUNTY SCHOOL DIVISION ORGANIZATIONAL CHART



THE YORK COUNTY SCHOOL DIVISION

Members of the School Division and School Division Officials
June 30, 2011

School Division Board Members

Mark A. Medford, Chair
Robert W. George, D.D.S., Vice-Chair
Barbara S. Haywood
Linda S. Meadows
R. Page Minter

School Officials

Superintendent of Schools
Chief Academic Officer
Chief Financial Officer
Chief Operations Officer
Director of Accountability & Instructional Services
Director of Elementary Instruction
Director of Human Resources
Director of Information Technology
Director of School Administration
Director of Secondary Instruction

Dr. Eric S. Williams
Dr. Stephanie L. Guy
Dennis R. Jarrett, CPA, CPFO, SFO
Dr. Carl L. James
Dr. Lisa L. Pennycuff
Amy C. Colley
Noreen B. Becci, Esq.
Douglas E. Meade
Dr. Catherine L. Jones
Dr. Kipp D. Rogers

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

Members of the School Board
York County School Division

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the York County School Division, a component unit of the County of York, Virginia, as of and for the year ended June 30, 2011 which collectively comprise the School Division's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the York County School Division's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and aggregate remaining fund information of the York County School Division as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 6 to the financial statements, the School Division adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2011, on our consideration of the York County School Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the budgetary comparison schedules of the general fund and the schedule of funding progress are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the York County School Division's basic financial statements. The introductory section, other supplemental information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekant & Holland, L.L.P.

Richmond, Virginia
November 20, 2011

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York County School Division
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The discussion and analysis of the York County School Division's (hereafter School Division) financial performance provides an overall review of the School Division's financial activities for FY 2011. The intent of this discussion and analysis is to look at the School Division's financial performance as a whole; readers should also review the transmittal letter at the front of this report and the School Division's financial statements and notes to the basic financial statements which immediately follow this section, to enhance their understanding of the School Division's financial performance.

Financial Highlights

- For the governmental funds, General Fund revenues accounted for \$116.3 million or 95.4% of all revenues, and expenditures were \$123.8 million or 93.7% of all expenditures, compared to \$122.9 million (92.6%) in revenues and \$122.0 million (95.4%) in expenditures in FY 2010.
- The School Division had an unprofitable year with net assets decreasing \$3.2 million to a total of \$141.4 million. The value of net assets reflects the financial health of the School Division and includes certain assets procured with debt issued by the County of York. The School Division is a component unit of, and fiscally dependent on, the County of York. As such, all debt related to School Division assets is shown on the County's statement of net assets.
- Food Services ended the fiscal year with a fund balance of \$542,233, a decrease of \$129,568 over the beginning of year fund balance. This decrease is due to mainly to increased fuel costs in FY 2011 that drove up the cost of food and supplies without a corresponding increase in the rates charged to students. In FY 2012 the rates charged to students have been increased.

Using This Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance.

As illustrated in Figure A-1, the financial section of this annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*.

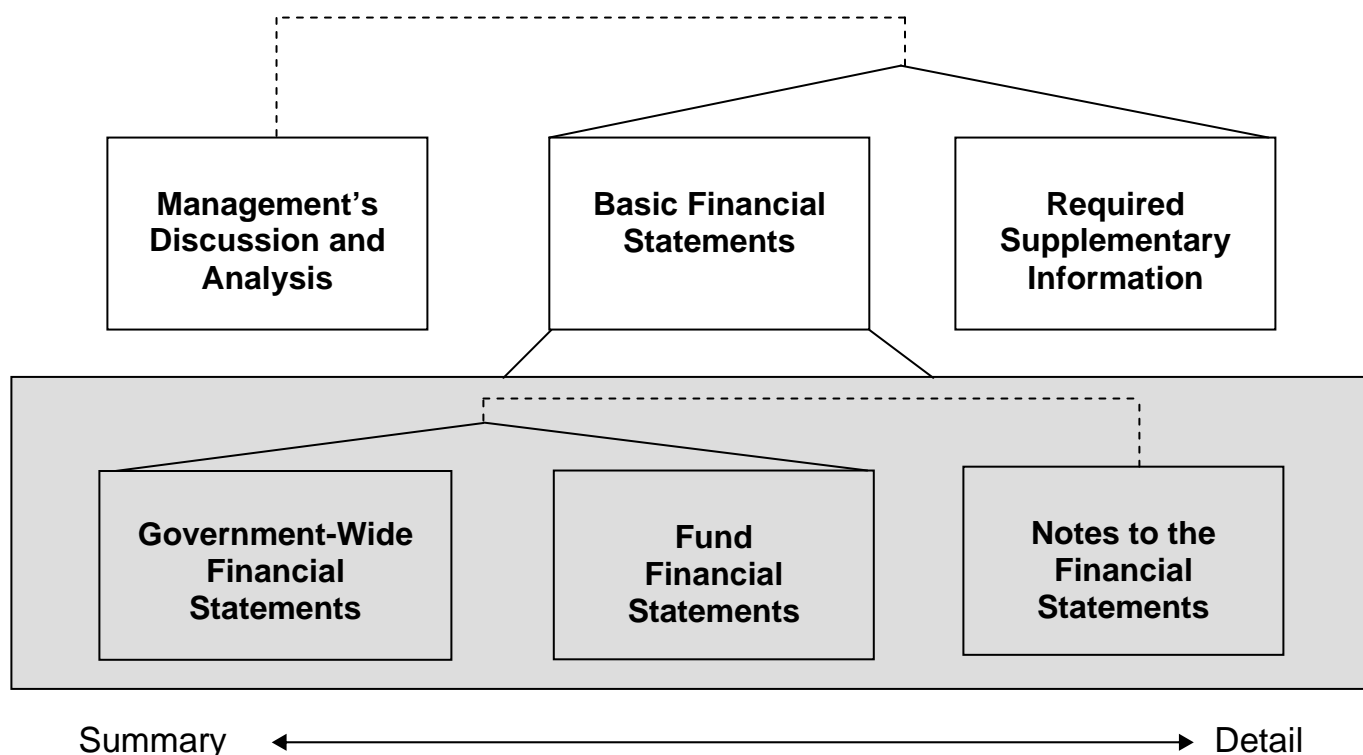
The basic financial statements include two kinds of statements that present different views of the School Division.

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the School Division's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School Division, reporting the School Division's operations in *more detail* than the School Division-wide statements.
- The *governmental funds statements* tell how basic services, such as regular and special education, were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the School Division acts solely as a *trustee or agent*.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the School Division's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

FIGURE A-1

Organization of York County School Division Annual Financial Report



Using This Comprehensive Annual Financial Report (Concluded)

Figure A-2 summarizes the major features of the School Division's financial statements, including the portion of the School Division's activities they cover and the types of information they contain. The remainder of the overview section of the MD&A highlights the structure and contents of each of the financial statements.

FIGURE A-2

Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School Division (except fiduciary funds)	The activities of the School Division that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School Division administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	*Statement of net assets *Statement of activities	*Balance sheet *Statement of revenues, expenditures, and changes in fund balances	*Statement of fiduciary net assets *Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The Government-wide statements report information about the York County School Division as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used by the School Division to provide programs and activities, the view of the School Division, as a whole, looks at all financial transactions and asks the question, “How did we do financially during FY 2011?” The statement of net assets and the statement of activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

The two Government-wide statements report the School Division’s *net assets* and how they have changed. Net assets - the difference between the School Division’s assets and liabilities - are only one way to measure the School Division’s financial health or position.

- Over time, increases or decreases in the School Division’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School Division, additional non-financial factors may also be relevant, such as changes in the County tax base, the condition of school buildings and other facilities, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the School Division reports only activities related to governmental-type activities, since it has no business-type activities. The School Division’s governmental-type activities include: instruction, administration/attendance and health, transportation, operations and maintenance, food service, and interest on capital leases and capital projects.

Fund Financial Statements

The fund financial statements provide more detailed information about the School Division’s most significant or “major” funds. Funds are accounting devices that the School Division uses to help keep track of specific sources of funding and spending for particular purposes.

The School Division has two types of funds:

- *Governmental Funds:* Most of the School Division’s activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School Division’s general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Because the governmental funds information does not encompass the additional long-term focus of the School Division-wide statements, additional information has been added in the form of a reconciliation between the total fund balances of the governmental funds and the total net assets of the School Division-wide activities.
- *Fiduciary Funds:* The School Division is trustee or fiduciary for the York County School Board Benefit and Pension Trust Fund. All of the fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the School Division-wide statements because the School Division cannot use these assets to finance its operation. The student activity monies are also accounted for in this fund type, as an agency fund.

Financial Analysis of the School Division as a Whole

Net Assets

The condensed statement of net assets below describes the financial position of the School Division on June 30, 2011. The School Division's financial position remained stable during FY 2011. The largest portion of the School Division net assets reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 80.9% of the total net assets and have decreased by \$0.6 million since June 30, 2010. The only debt the School Division nets against capital assets is for capital leases; however, there are no capital leases outstanding at June 30, 2011. As a component unit (School Division) in Virginia, the School Division does not have the authority to issue debt. All debt is issued by the County of York and, therefore, is shown as a liability on its statement of net assets. In years where there are substantial additions to capital assets that are funded through the issuance of County debt, the School Division will have substantial increases in net assets invested in capital assets, net of related debt. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt."

The other components of net assets are restricted net assets and unrestricted net assets. Restricted net assets represent those resources that have externally imposed constraints on their use. At the end of the fiscal year, restricted net assets amounted to \$2.9 million, which represents cash restricted for School capital projects. Unrestricted net assets are those resources that may be used to meet the obligations placed on the School Division by its creditors and to pay for ongoing operations of the School Division. At the end of the fiscal year, unrestricted net assets amounted to \$6.4 million, a decrease of \$1.7 million from June 30, 2010. All three components of net assets show positive balances.

Condensed Statement of Net Assets (in millions)			
	Governmental Activities 2011	Governmental Activities 2010	Total Percentage Change
Assets			
Current and other assets	\$ 31.2	\$ 34.2	-8.8%
Capital assets	132.1	132.7	-0.5%
Total assets	<u>163.3</u>	<u>166.9</u>	-2.2%
Total liabilities			
Current liabilities	17.8	18.9	-5.8%
Long-term liabilities	4.1	3.4	20.6%
Total liabilities	<u>21.9</u>	<u>22.3</u>	-1.8%
Net assets			
Invested in capital assets	132.1	132.7	-0.5%
Restricted	2.9	3.7	-21.6%
Unrestricted	6.4	8.1	-21.0%
Total net assets	<u>\$ 141.4</u>	<u>\$ 144.6</u>	-2.2%
Note: Totals may not add due to rounding.			

Financial Analysis of the School Division as a Whole (Continued)

Net Assets (Continued)

The following table summarizes the changes in the School Division's net assets for the FY 2011, as compared with FY 2010.

Changes in Net Assets (in millions)			
	Governmental Activities 2011	Governmental Activities 2010	Total Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 3.2	\$ 3.2	0.0%
Operating grants and contributions	60.3	67.5	-10.7%
Capital grants and contributions	-	-	0.0%
General revenues			
County	46.3	50.1	-7.6%
Shared intergovernmental revenues	11.8	11.3	4.4%
Revenues from the use of money and property	-	0.2	-100.0%
Miscellaneous revenues	0.3	0.3	0.0%
Total revenues	121.9	132.6	-8.1%
Expenses			
Instruction	88.1	94.3	-6.6%
Administration/attendance and health	5.6	5.7	-1.8%
Transportation	7.3	6.7	9.0%
Operations and maintenance	11.1	12.3	-9.8%
Technology	8.7	7.8	11.5%
Food service	4.1	3.9	0.0%
Total expenses	125.1	130.7	-4.3%
Change in net assets	(3.2)	2.0	260.0%
Net assets - beginning of year	144.6	142.6	1.4%
Net assets - end of year	\$ 141.4	\$ 144.6	-2.2%
Note: Totals may not add due to rounding.			

Financial Analysis of the School Division as a Whole *(Continued)*

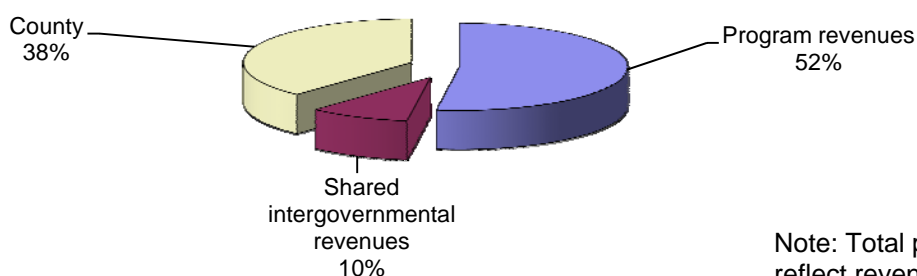
Changes in Net Assets

For the FY 2011, revenues from governmental activities totaled \$121.9 million. State and federal revenue for operating grants and contributions account for 49.4% of the School Division's resources as compared to 50.9% for the FY 2010. This includes state funding for meeting the Standards of Quality and federal impact aid. Revenues from the County, including capital projects, totaled \$46.3 million or 38.1% of the total revenues as compared to \$50.1 million or 37.8% for the FY 2010. The decrease in County funding relates to funding for capital projects - \$1.6 million in FY 2011 as compared to \$5.8 million in FY 2010.

The total cost of all programs was \$125.1 million in FY 2011. Instruction made up 70.4% of the total costs of the School Division in FY 2011 and 72.2% in FY 2010. Due to significant state revenue reductions all categories of the budget had to be reduced, including instruction. The School Division's operations and maintenance activities accounted for 8.9% of total costs for FY 2011 while administration/attendance and health amounted to 4.4% of total costs.

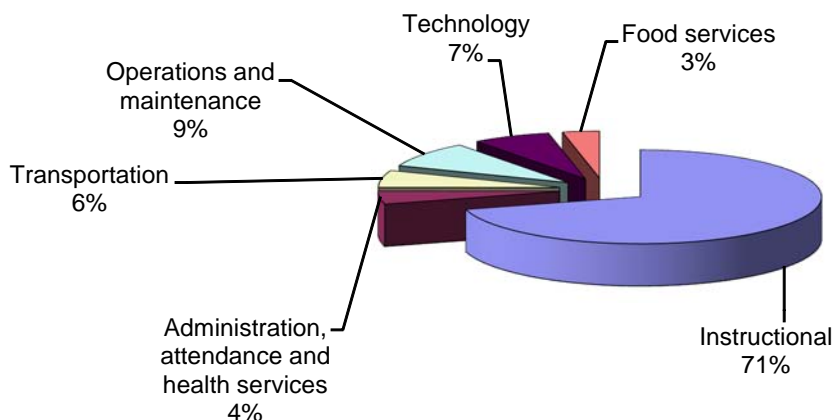
For the FY 2011, expenses exceeded revenues by a total of \$3.2 million. A substantial portion of the decrease in net assets results from the funding of capital projects through County contributions.

Fiscal Year 2011 Revenues



Note: Total program revenues reflect revenue from county, state, federal and other sources that are dedicated to specific programs or expense areas.

Fiscal Year 2011 Expenses



Note: Expenses are summarized for display purposes. Each section may include one or more specific program areas.

Governmental Activities

The three primary sources of revenue for the School Division are from the County of York, the Commonwealth (State) of Virginia, and the United States Department of Education. State and federal government funding is included in total program revenues. Funding from the County is provided by the York County Board of Supervisors.

State funding is provided through a formula that calculates the State share of the cost of education, as determined in the Standards of Quality, including basic aid and categorical funds. Sales tax (Shared Intergovernmental Revenue) revenue totaled \$11.8 million in FY 2011.

Federal funding comes to the School Division from federal grants and impact aid. Impact aid is designed to reimburse school districts for the loss of revenue due to the presence of the federal government. This is an important reimbursement source of revenue to the School Division since the federal government does not pay property taxes. In FY 2010, for the first time, the School Division received \$4.1 million in State Fiscal Stabilization Funds (SFSF), a component of the American Recovery and Reinvestment Act of 2009 (ARRA stimulus funds). ARRA stimulus funds were also received under the Title VIB regular and pre-school stimulus funding category for special education students in the amount of \$1.4 million. In FY 2011, SFSF funds received totaled \$1.0 million and stimulus Title VIB regular and pre-school totaled \$1.4 million. The School Division also received \$1.2 million in federal stimulus Job's Funds. It is important to note that all sources of stimulus funds are one-time allocations from the federal government. Since federal stimulus funds are not on-going, the use of the funds continues to be directed to one-time costs of items such as textbooks, technology and temporary full-time positions.

The following table shows, for government-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support to be provided by tax revenue, state aid, and federal aid not restricted to specific programs.

Net Cost of Governmental Activities (in millions)				
	Total Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2011	Net Cost of Services 2010
Instruction	\$ 88.1	\$ 94.3	\$ 30.2	\$ 29.0
Administration/attendance and health	5.6	5.7	5.6	5.6
Transportation	7.3	6.7	7.2	6.6
Operations and maintenance	11.1	12.3	10.8	12.0
Technology	8.7	7.8	7.6	6.7
Food service	4.1	3.9	0.1	0.1
	<u>\$ 125.1</u>	<u>\$ 130.7</u>	<u>\$ 61.5</u>	<u>\$ 60.0</u>

Significant Changes in Governmental Activities Include:

- The cost of all governmental activities was \$125.1 million.
- The net cost of governmental activities was \$61.5 million.
- The federal and state governments subsidized certain programs with operating and capital grants and contributions of \$60.3 million.
- Most of the School Division's net cost of services of \$61.5 million was funded by the County and state taxpayers.
- Food Service's expense of \$4.1 million is \$0.2 million more than FY 2010 due to higher food and supply cost.
- Capital Projects expenses exceeded revenues by \$2.1 million with the planned use of a portion of assigned fund balance.

Financial Analysis of the School Division's Funds

The strong financial performance of the School Division is also reflected in its major governmental funds, the General Fund and the Capital Projects Fund. As the School Division completed the year, the General Fund reported a fund balance of \$10.9 million or a \$0.4 million increase from the fund balance reported for the FY 2010. The Capital Projects Fund reported a fund balance at the end of FY 2011 of \$3.5 million or a \$2.1 million decrease from the fund balance reported for the FY 2010. The Food Service Fund, the non-major governmental fund, reported a fund balance of \$0.5 million at the end of FY 2011, representing only a minor change from the FY 2010 reported fund balance.

General Fund Budgetary Highlights

The School Division's budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2011, the School Division amended its general fund budget as follows:

- Amended appropriation of \$7.5 million to reflect the carryover of encumbrances from fiscal year ended 2010 (FY 2010) to FY 2011.
- Amended appropriation of \$1.5 million for a one-time allocation from the federal government related to the State Fiscal Stabilization Funds component of the American Recovery and Reinvestment Act of 2009.
- Amended appropriation of \$1.4 million for a one-time allocation from the federal government related to economic stimulus funds for Title VIB and Pre-School special education programs.
- Amended appropriation of \$1.2 million for a one-time allocation from the federal government related to the economic stimulus Job's Funds program.
- Amended appropriations among the major budget expenditure categories to accommodate changes in programs and services. This budget amendment did not change the total amount of the budget.

The actual results for the year show a net change in fund balance of \$0.4 million. General Fund revenues were \$116.3 million or 5.0% lesser in FY 2011 as compared to FY 2010. This decrease, for the most part, was driven by decreases in state, federal and county funding. Federal revenue decreased \$5.4 million or 25.3% in FY 2011 as compared to the previous fiscal year.

General Fund actual expenditures were \$10.7 million less than the final budgeted amount. Significant factors contributing to the variance include:

- Outstanding encumbrances at June 30, 2011 are not reflected in the budget comparison schedule.
- Personnel savings due to vacant positions, staff on leave without pay, and personnel attrition.
- Portions of state and federal grants were carried forward to FY 2011.
- Numerous budget accounts were frozen (no expenditures were allowed) during FY 2011 to accommodate a \$0.9 million shortfall in federal impact aid revenues.

Capital Assets

At the end of FY 2011, the School Division had \$132.1 million (a 0.5% decrease from FY 2010) invested in furniture and equipment, land, buildings, and construction in progress in governmental-type activities. The following table displays FY 2011 balances, net of accumulated depreciation. More detailed information about capital assets can be found in Note 3 to the financial statements.

Capital Assets, net of depreciation (in millions)			
	Governmental Activities 2011	Governmental Activities 2010	Total Percentage Change
Land	\$ 4.8	\$ 4.8	0.0%
Construction in progress	2.6	0.7	271.4%
Depreciable capital assets	124.7	127.2	-2.0%
Total	\$ 132.1	\$ 132.7	-0.5%

Major Capital Asset Additions for FY 2011 Included:

- Completed construction on a \$2.5 million addition of ten classrooms at Mount Vernon Elementary School to meet classroom space needs for students presently enrolled that exceed building capacity.
- Completed construction of a \$ 1.2 million addition of six classrooms on the campus of Yorktown Middle School for York River Academy. York River Academy was previously housed in trailers on the campus of York High School.
- Began a \$1.8 million renovation of the HVAC system, windows, floor tile, and lighting at Dare Elementary School.

The Following Major Capital Projects are Included in the School Division's FY 2012 Capital Budget:

- Partial roof replacement at Grafton Bethel and Coventry Elementary Schools.
- Replacement of HVAC system at New Horizons Regional Education Center.
- Addition of six classrooms to accommodate additional enrollment at Tabb Elementary School.
- Addition of a practice/physical education gym at Grafton School Complex.

Funding for the FY 2012 capital projects includes \$5.4 million in appropriated funds from the County of York.

Outstanding Long-Term Debt

School Divisions in the Commonwealth of Virginia are fiscally dependent, in that they do not have taxing authority or borrowing authority and rely upon appropriations from the County/City, therefore all debt required for capital projects for the School Division is incurred by the County. As a result, the County of York government retains the liability for the portion of general obligation bonds issued to fund capital projects for the School Division.

The County Government appropriates funds to the School Division for the education of the students of the County of York. The School Board, in its annual budget process and in consultation with the County, determines the amount of these funds to support the financing of capital projects for the School Division.

The School Division's long-term debt is related to compensated absences, workers' compensation claims, and capital leases on equipment. Long-term debt remained relatively constant during FY 2011. The following table lists the long-term debt for the School Division:

York County School Division - Outstanding Debt (in millions)			
	Governmental Activities 2011	Governmental Activities 2010	Total Percentage Change
Compensated absences	\$ 2.0	\$ 1.8	11.1%
Workers' compensation claims	3.3	3.0	10.0%
Net OPEB liability	0.4	0.2	100.0%
Capital leases payable	-	-	0.0%
Total	\$ 5.7	\$ 5.0	14.0%

Additional information on the School Division's long-term debt can be found in Note 5 of the financial statements.

Factors Influencing Future Budgets

The FY 2012 budget provides the following significant costs and budget reductions:

- No step increase or average market salary adjustment was provided to licensed staff (teachers) and non-licensed staff due to budget constraints.
- A significant increase in the employer retirement contribution rate for the employee Defined Benefit Retirement Plan maintained by the Virginia Retirement System.
- The elimination of twenty-two positions due to funding constraints, in addition to the forty-seven positions eliminated in FY 2010 and FY 2011 combined.
- Funding to support the capital projects included in the FY 2012 Capital Improvements Program.

At the time these financial statements were prepared and audited, the School Division was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The Commonwealth of Virginia will be considering the biennium budget for FY 2013 and FY 2014 during the 2012 General Assembly session. The impact on the School Division of the new biennium budget is unknown at this time. The state has experienced a modest improvement in the economic conditions. However, due to competing priorities at the state level, the impact on elementary and secondary public education funding remains to be seen. The Governor is anticipated to release his proposed FY 2013 budget in late December 2011.
- Several capital projects are planned for FY 2013. Whether those projects will be postponed due to economic conditions is being monitored.
- The federal government will be considering the budget for Impact Aid for FY 2013 during the next Congressional session. The impact on the School Division of the new federal budget is unknown at this time.
- The final allocation of federal Education Job's Funds will be received in FY 2012 to assist the School Division in these difficult economic times.
- Closing of an oil refinery located in the County had a significant impact on County revenues in FY 2012 and will continue to impact County government revenues in FY 2013.

Contacting the York County School Division's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, parents, students, and creditors with a general overview of the School Division's finances and to show the School Division's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at York County School Division, 302 Dare Road, Yorktown, Virginia, 23692, (757) 898-0303.

BASIC FINANCIAL STATEMENTS

The York County School Division

Statement of Net Assets June 30, 2011

	Governmental Activities
Assets	
Cash and investments	\$ 10,215,358
Restricted cash and investments	2,902,899
Other receivables	1,824
Due from primary government	14,807,989
Due from other governments	3,281,725
Capital assets	
Land	4,826,359
Construction in progress	2,598,015
Buildings, improvements and equipment - net	124,687,113
Total assets	<u>163,321,282</u>
Liabilities	
Vouchers and accounts payable	2,122,699
Retainage payable	35,291
Salaries, taxes and benefits payable	13,894,307
Unearned revenue - prepaid lunches	89,458
Due within one year	1,590,000
Due in more than one year	4,141,664
Total liabilities	<u>21,873,419</u>
Net assets	
Invested in capital assets	132,111,487
Restricted for capital projects	2,902,899
Unrestricted	6,433,477
Total net assets	<u><u>\$ 141,447,863</u></u>

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Statement of Activities Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government					
Governmental activities:					
Instructional	\$ 88,146,183	\$ 645,255	\$ 57,331,096	\$ -	\$ (30,169,832)
Administrative, attendance, and health services	5,621,318	-	-	-	(5,621,318)
Transportation	7,343,358	-	118,750	-	(7,224,608)
Operations and maintenance	11,110,634	-	362,240	-	(10,748,394)
Technology	8,702,882	-	1,088,000	-	(7,614,882)
Food services	4,146,776	2,543,614	1,434,249	-	(168,913)
Total governmental activities	125,071,151	3,188,869	60,334,335	-	(61,547,947)
Total primary government	\$ 125,071,151	\$ 3,188,869	\$ 60,334,335	\$ -	(61,547,947)
General revenues					
Payments from the County of York (unrestricted)					46,276,697
Shared intergovernmental revenues (unrestricted)					11,861,997
Investment income (unrestricted)					25,396
Gain on sale of capital assets					5,393
Miscellaneous					255,081
Total general revenues					58,424,564
Change in net assets					(3,123,383)
Net assets - beginning					144,571,246
Net assets - ending					\$ 141,447,863

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Balance Sheet Governmental Funds June 30, 2011

	General	Capital Projects	Non-major Governmental Fund	Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Non-major Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and temporary investments	\$ 8,611,853	\$ 864,623	\$ 738,882	\$ 10,215,358
Restricted cash and temporary investments	-	2,902,899	-	2,902,899
Other receivables	1,678	79	67	1,824
Due from primary government	14,676,476	131,513	-	14,807,989
Due from other governments	3,216,791	-	64,934	3,281,725
	<u>3,216,791</u>	<u>-</u>	<u>64,934</u>	<u>3,281,725</u>
Total assets	<u>\$ 26,506,798</u>	<u>\$ 3,899,114</u>	<u>\$ 803,883</u>	<u>\$ 31,209,795</u>
Liabilities and fund balances				
Liabilities				
Vouchers and accounts payable	\$ 1,644,139	\$ 316,693	\$ 161,867	\$ 2,122,699
Retainage payable	-	35,291	-	35,291
Salaries, taxes and benefits payable	13,883,982	-	10,325	13,894,307
Deferred revenue	-	-	89,458	89,458
	<u>-</u>	<u>-</u>	<u>89,458</u>	<u>89,458</u>
Total liabilities	<u>15,528,121</u>	<u>351,984</u>	<u>261,650</u>	<u>16,141,755</u>
Fund balances				
Restricted	-	2,902,899	542,233	3,445,132
Committed	3,309,690	-	-	3,309,690
Assigned	7,668,987	644,231	-	8,313,218
	<u>7,668,987</u>	<u>644,231</u>	<u>-</u>	<u>8,313,218</u>
Total fund balances	<u>10,978,677</u>	<u>3,547,130</u>	<u>542,233</u>	<u>15,068,040</u>
Total liabilities and fund balances	<u>\$ 26,506,798</u>	<u>\$ 3,899,114</u>	<u>\$ 803,883</u>	<u>\$ 31,209,795</u>

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because

Ending fund balance - governmental funds	\$ 15,068,040
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	132,111,487
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,731,664)</u>
Net assets of governmental activities	<u><u>\$ 141,447,863</u></u>

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Non-major Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental				
From the County of York	\$ 44,645,536	\$ 1,631,161	\$ -	\$ 46,276,697
From the Commonwealth of Virginia	54,409,295	-	61,857	54,471,152
From the federal government	15,871,798	-	1,372,392	17,244,190
Revenues from use of money and property	614,902	11,825	2,066	628,793
Charges for services	645,255	-	2,543,614	3,188,869
Miscellaneous	138,067	-	-	138,067
Total revenues	<u>116,324,853</u>	<u>1,642,986</u>	<u>3,979,929</u>	<u>121,947,768</u>
Expenditures				
Current - education				
Instruction	83,820,381	-	-	83,820,381
Administration, attendance and health services	5,462,641	-	-	5,462,641
Pupil transportation	7,091,905	-	-	7,091,905
Operations and maintenance	10,961,577	-	-	10,961,577
Technology	8,601,876	-	-	8,601,876
Total education	<u>115,938,380</u>	<u>-</u>	<u>-</u>	<u>115,938,380</u>
Food services	-	-	4,109,497	4,109,497
Capital outlay	-	3,723,394	-	3,723,394
Total expenditures	<u>115,938,380</u>	<u>3,723,394</u>	<u>4,109,497</u>	<u>123,771,271</u>
Excess of revenues over expenditures	<u>386,473</u>	<u>(2,080,408)</u>	<u>(129,568)</u>	<u>(1,823,503)</u>
Net change in fund balances	386,473	(2,080,408)	(129,568)	(1,823,503)
Fund balance - beginning	<u>10,592,204</u>	<u>5,627,538</u>	<u>671,801</u>	<u>16,891,543</u>
Fund balance - ending	<u><u>\$ 10,978,677</u></u>	<u><u>\$ 3,547,130</u></u>	<u><u>\$ 542,233</u></u>	<u><u>\$ 15,068,040</u></u>

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because

Net change in fund balances - total governmental funds \$ (1,823,503)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays

Capital outlay	\$ 3,976,149	
Depreciation expense	<u>(4,566,374)</u>	(590,225)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.

Gross value of capital asset disposals	(155,331)	
Depreciation of capital asset disposals	<u>122,931</u>	(32,400)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(190,720)	
OPEB	(218,103)	
Worker's compensation claims	<u>(268,432)</u>	<u>(677,255)</u>

Change in net assets of governmental activities **\$ (3,123,383)**

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Statement of Fiduciary Net Assets June 30, 2011

	Assets	Pension Trust Fund Optional Plan	Agency Fund - School Activity Funds
Cash and investments		\$ -	\$ 1,594,384
Restricted cash		97,791	-
Restricted investments			
Federal agency bonds and notes		24,843	-
Corporate obligations		664,048	-
Commercial paper		1,112,348	-
Total investments		<u>1,801,239</u>	<u>-</u>
Accrued income		<u>6,880</u>	<u>-</u>
Total assets		<u><u>\$ 1,905,910</u></u>	<u><u>\$ 1,594,384</u></u>
	Liabilities		
Assets held for others		<u>\$ -</u>	<u>\$ 1,594,384</u>
Total liabilities		<u>-</u>	<u>1,594,384</u>
Net assets			
Net assets held in trust for pension benefits		<u>1,905,910</u>	<u>-</u>
Total net assets		<u><u>\$ 1,905,910</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the basic financial statements.

The York County School Division

Statement of Changes in Fiduciary Net Assets - Pension Trust Fund - Optional Plan Year Ended June 30, 2011

Additions		
Contributions - member		\$ 100,000
Investment income		
Earning from investments	\$ 57,235	
Net appreciation in the fair value of net assets	222,354	
Other receipts	188	
	<u>279,777</u>	
Less investment expense	<u>(18,664)</u>	<u>261,113</u>
Total additions		<u>361,113</u>
Deductions		
Benefits	181,805	
Administrative expenses	<u>1,212</u>	<u>183,017</u>
Total deductions		<u>183,017</u>
Net increase		178,096
Net assets held in trust for pension benefits - beginning		<u>1,727,814</u>
Net assets held in trust for pension benefits - ending		<u><u>\$ 1,905,910</u></u>

The accompanying notes are an integral part of the basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

THE YORK COUNTY SCHOOL DIVISION

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements presented for the York County School Division (School Division), are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). In fiscal year 2011, the School Division adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The School Division's significant accounting and reporting policies are described in the following notes:

The Financial Reporting Entity

The School Division is considered a component unit of the County of York (County). The School Division has no component units. Component units are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: (a) the primary government is accountable for the component unit, and (b) the primary government is able to impose its will upon the component unit (or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government). The information included in these basic financial statements will also be included in the County of York's basic financial statements because of the significance of the School Division's financial relationship with the County.

The School Board determines educational policy and employs a Superintendent of Schools to administer the School Division's policies. The members of the School Board are elected by the citizens of York County.

The School Division is responsible for elementary and secondary education for the County of York. The accounting policies of the School Division conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies of the School Division:

Basis of Presentation

The School Division's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The statement of net assets and the statement of activities display information about the School Division as a whole, except for fiduciary funds. These statements are reflected on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets as well as long-term liabilities. Interfund transfers are eliminated to avoid "doubling up" revenues and expenditures. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The statement of net assets presents the financial condition of the governmental type activities of the School Division at year-end. The School Division does not have any business-type activities. The statement of activities presents a comparison between direct expenses and program revenues for each function of the School Division's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore identifiable to a particular function. Expenses are grouped in the following categories: instruction, administration, attendance and health services, transportation, operations and maintenance, capital projects (not capitalized), and food services.

Program revenues include charges paid by the recipient for the goods or services offered by the program or from grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include pupil fees, summer school tuition and cafeteria sales. Revenues not classified as program revenues are presented as general revenues of the School Division. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School Division. The School Division does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used, however, are not eliminated in this process.

Fund Financial Statements: During the year, the School Division segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements present financial information of the School Division at this more detailed level. The focus of governmental fund financial statements is on major funds, each displayed in a separate column. The School Division has identified the general fund and the capital project fund as major.

The accounts of the School Division are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. The acquisition, use and balances of the School Division's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination. The following fund types are used by the School Division:

Governmental Funds

Governmental Funds are those through which most governmental functions of the School Division are financed. The acquisition, use and balances of the School Division's expendable financial resources and the related liabilities are accounted for through governmental funds. Governmental fund types use the "flow of current financial resources" measurement focus. This means that generally only current assets and current liabilities are reflected on their balance sheets. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. The following are the School Division's governmental fund types:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

General Fund - The General Fund (School Operating Fund) is the general operating fund of the School Division. It is used to account for all financial resources except those accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund (School Construction Fund) is used to account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of school facilities (other than those financed by the operating fund).

Non-Major Governmental Fund - The non-major Governmental Fund (School Food Services Fund) is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Accordingly, the School Food Services Fund is used to account for the school cafeteria operations. Revenues restricted for cafeteria operations include cafeteria sales and Federal grant reimbursements.

Fiduciary Funds

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Accordingly, the measurement focus is upon determination of changes in financial position rather than upon net income determination. The Trust and Agency funds consist of the Pension Trust Fund - Optional Plan and the School Activity Funds.

Trust Fund - The Pension Trust Fund - Optional Plan accounts for the revenues and expenses related to the School Division sponsored retirement plan, which is administered by a fiduciary agent of the York County School Division. The Pension Trust Fund - Optional Plan follows the accrual basis of accounting. The recognition of contributions, benefits and refunds use the "flow of economic resources" measurement focus. The costs of plan administration are financed through employer and member contributions and earnings on investments.

Agency Fund - The Agency Fund is custodial in nature and does not involve measurement of results of operations. The School Division's agency fund is the School Activity Funds, which accounts for the student activity monies maintained on behalf of the students by the principal of each school.

Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements and the fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The primary revenues susceptible to accrual include intergovernmental revenues. In applying the subject to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Basis of Accounting (continued)

There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School Division; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, revenues collected within 45 days of year-end are recognized. For grants, revenue is recognized when all eligibility requirements have been met. The primary revenues susceptible to accrual include from the County of York, from the Commonwealth of Virginia, and from the federal government. Expenditures, other than interest and principal on long-term debt which is recorded when due, are recorded when the fund liability is incurred, if measurable.

Cash, Cash Equivalents and Temporary Investments

Cash and temporary investments are pooled with the cash and investments of the County. The School Division utilizes the pooled cash investment method wherein income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and cash equivalents of each fund to the total pooled cash and cash equivalents. Investments that are held for more than one year to maturity are stated at fair value while investments that are held for less than one year to maturity are stated at amortized cost. The value of investments reflected at amortized cost is not materially different than fair value. The cash in the agency fund represents the student activity funds cash balances in the separate bank accounts maintained by the individual schools. Investments with original maturities of 90 days or less are considered cash equivalents.

Receivables and Due from Other Governments

Amounts due from the Commonwealth of Virginia consist primarily of June sales tax, receivables from State entitlements and reimbursement of grants expenditures. Amounts due from the federal government are for reimbursement of grants expenditures. Receivables consist primarily of amounts due from students and other customers of the School Division. All amounts should be collected within one year.

Inventory

Inventory is accounted for under the purchase method and is stated at the lower of cost or market on a first-in, first-out basis. The cost is recorded as an expenditure at the time inventory is purchased. USDA donated food commodities are accounted for in the School Food Services Fund at the estimated value at the time of receipt. Revenues are recorded when donated goods are received and expenditures are recorded as these goods are used.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. Prepaid items are expensed using the consumption method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Capital Assets

General capital assets have been acquired for general school purposes. Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the School Division capitalization threshold is met.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at estimated fair market value on the date received. The School Division maintains a capitalization threshold of \$5,000 for equipment, improvements and buildings. Land is capitalized regardless of value. The School Division has no infrastructure assets.

Depreciation is recorded on general capital assets on a government-wide basis. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Description	Estimated Useful Lives
Buildings	25-80 years
Improvements other than buildings	30-80 years
Machinery and equipment and vehicles	10-25 years

Compensated Absences

Employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation pay earned and, upon retirement, termination or death may be compensated as salary related payments for certain amounts at their then current rates of pay. The cost of accumulated compensated absences pay including associated benefits is accounted for as a liability in the government-wide financial statements. Compensated absences are reported in the governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement).

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as due to and due from as appropriate and are subject to elimination in the government-wide statements. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Concluded)*

Fund Balances/Net Assets

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Nonspendable – includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the School Division's Board of Directors.

Assigned – includes amounts that are intended to be used by the School Division for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School Division's Board of Directors or Superintendent of Schools.

Unassigned – is the residual classification for the School Division's general fund and includes all spendable amounts not contained in other classifications.

The School Division's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the School Division's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable and restricted amounts exceed the positive fund balance for that fund.

Net Assets in government-wide financial statements are classified as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute.

Retirement Plan

Retirement contributions are actuarially determined and consist of current service costs and amortization of prior service costs over a 30-year period. The School Division's policy is to fund pension cost as it accrues.

Use of Estimates

Management of the School Division has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Management believes any differences between these estimates and actual results should not materially affect the School Division's reporting of its financial position.

2. DEPOSITS AND INVESTMENTS

The Code of Virginia, as amended, requires the election of a County Treasurer. By law, the Treasurer is the custodian of cash investments for both the County of York and the York County School Division, and has powers and duties prescribed by general law. Cash and temporary investments pertaining to the School Division's funds, except the Pension trust fund and the school activity funds, are held with the County Treasurer.

Deposits

All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. At June 30, 2011, cash and investments of the School Division, held by the York County Treasurer, consisted of:

Bank deposits	\$ 3,137,095
Restricted cash	2,902,899
Cash held with others	4,092,077
Investments	2,985,586
Petty cash	600
Total cash and cash equivalents	<u>\$13,118,257</u>

The School Divisions restricted cash at June 30, 2011 consisted of \$2,902,899 in unspent bond proceeds transferred from the County of York for capital projects.

Cash and investments of the School Division's pension trust fund and school activity funds at June 30, 2011 consisted of:

Bank deposits	\$ 1,594,384
Restricted cash	97,791
Investments	1,801,239
Total cash and cash equivalents	<u>\$ 3,493,414</u>

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). LGIP is managed in accordance with the "2a7 like pool" risk limiting requirements of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" with the portfolio securities valued by the amortized cost method. Investments with a maturity date of one year or less are stated at amortized cost. All investments stated at amortized cost approximate the fair value. The fair value of the County's position in the LGIP is the same as the value of the pool shares. All other investments are stated at fair value. The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP.

2. DEPOSITS AND INVESTMENTS (Continued)

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (the Policy) permits investments in U.S. Government obligations, certain municipal bonds, prime quality commercial paper, high grade corporate notes and bonds, bankers acceptances, repurchase agreements, certificates of deposit and other evidences of deposit at financial institutions, money market mutual funds, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a7 like pool).

State statute limits the percentage of the portfolio that can be invested in commercial paper to 35%. The Policy does not impose additional diversification limits, but does require that the portfolio avoid over-concentration in specific security types, issuers and business sectors.

The School Division has a separate funding policy (Trust Policy) for their Pension trust fund. The Trust Policy's principal goal is to invest in funds considering both the safety of principal with long-term stability and moderate capital appreciation commensurate with the expected retirement dates of plan participants; however, these investments should be liquid in order to enable the plan, on short notice, to make distributions of benefits in the event of death, disability or termination of a plan participant. The Trust Policy establishes the percentage of the portfolio that can be invested in fixed income investments to 40% - 70% and equity investments to 25% - 50%.

Custodial Credit Risk

The policy requires that all investment securities purchased by the County be held by an independent third-party custodian and evidenced by safekeeping receipts in the County's name. As of June 30, 2011, all of the County's investments were held in a bank's trust department in the County's name.

Credit Risk

As required by State statute, the Policy requires that commercial paper be rated "prime quality" by at least two nationally recognized statistical rating organizations and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's Policy further limits credit risk by limiting investments in securities that have higher credit risks.

The Trust Policy does not limit credit risk to any specific category.

As of June 30, 2011, the School Division's investments held by the County Treasurer consisted of \$2,985,586 invested in Virginia LGIP, with a Standard & Poor's rating of AAA.

The School Divisions Pension trust fund investments as rated by Standard & Poor's were as follows:

Investment Type	AAA	AA	A	B	Not Rated
Commercial paper	\$ -	\$ -	\$ 517,072	\$ 464,334	\$ 130,942
Federal agency bonds and notes	24,843	-	-	-	-
Corporate obligations	25,582	128,694	445,617	29,274	34,881
Total investments	<u>\$ 50,425</u>	<u>\$ 128,694</u>	<u>\$ 962,689</u>	<u>\$ 493,608</u>	<u>\$ 165,823</u>

2. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

State statute limits the percentage of the portfolio that can be invested in commercial paper of a single issuer to no more than 5%. The County's policy does not set additional credit concentration limits. As of June 30, 2011, the School Division's portfolio held with the County Treasurer complied with the State statute.

As of June 30, 2011, there were no investments in the School Division's Pension trust portfolio that exceeded 5% of the total portfolio.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment portfolio holdings to no more than 18 months, unless approved by the Treasurer.

As of June 30, 2011, the carrying values and weighted average maturity of the School Division's investments held with the County Treasurer were as follows:

Investment Type	Fair Value
Virginia LGIP	<u>\$2,985,586</u>

As of June 30, 2011, the carrying values and weighted average maturity of the School Division's Pension trust fund investments were as follows:

Investment Type	Fair Value	Average Maturity in Years
Commercial paper	\$ 1,112,348	-
Federal agency bonds and notes	24,843	4.33
Corporate obligations	664,048	3.55
Total investments	<u>\$ 1,801,239</u>	
Weighted average of portfolio		<u>1.30</u>

3. CAPITAL ASSETS - NET

The following is a summary of changes in capital assets for the year ended June 30, 2011:

	<u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Governmental activities				
Capital assets not depreciated:				
Land	\$ 4,826,359	\$ -	\$ -	\$ 4,826,359
Construction in progress	727,371	3,042,644	1,172,000	2,598,015
Total non-depreciable capital assets	<u>5,553,730</u>	<u>3,042,644</u>	<u>1,172,000</u>	<u>7,424,374</u>
Capital assets depreciated				
Buildings	167,246,020	1,172,000	-	168,418,020
Improvements	4,794,034	118,908	-	4,912,942
Machinery and equipment	2,478,704	24,930	18,667	2,484,967
Motor vehicles	10,700,101	789,667	136,664	11,353,104
Total depreciable capital assets	<u>185,218,859</u>	<u>2,105,505</u>	<u>155,331</u>	<u>187,169,033</u>
Less accumulated depreciation for				
Buildings	50,967,474	3,400,586	-	54,368,060
Improvements	1,753,552	187,235	-	1,940,787
Machinery and equipment	1,189,449	189,890	5,911	1,373,428
Motor vehicles	4,128,002	788,663	117,020	4,799,645
Total accumulated depreciation	<u>58,038,477</u>	<u>4,566,374</u>	<u>122,931</u>	<u>62,481,920</u>
Total depreciable capital assets - net	<u>127,180,382</u>	<u>(2,460,869)</u>	<u>32,400</u>	<u>124,687,113</u>
Total governmental activities capital assets - net	<u>\$ 132,734,112</u>	<u>\$ 581,775</u>	<u>\$ 1,204,400</u>	<u>\$ 132,111,487</u>

3. CAPITAL ASSETS - NET (Concluded)

Depreciation expense was charged to functions as follows:

Governmental activities

Instruction	\$ 3,501,348
Administration, attendance and health services	158,677
Pupil transportation	707,839
Operations and maintenance	161,231
Food services	37,279
Total governmental activities depreciation expense	\$ 4,566,374

Construction in progress is composed of the following at June 30, 2011:

	Project Authorization	Expended Through June 30, 2011	Balance of Authorization	Future Requirements
School projects	<u>\$ 9,732,432</u>	<u>\$ 2,598,015</u>	<u>\$ 7,134,417</u>	<u>\$ -</u>

The majority of the capital assets was donated to the School Division by the County. The County has issued general obligation bonds and obtained literary loans from the Commonwealth of Virginia on behalf of the School Division. Certain school buildings have been pledged as collateral for the literary loans.

4. LEASES

The School Division leases certain equipment and office space under non-cancelable operating lease agreements. A summary of future minimum rental payments under non-cancelable operating leases as of June 30, 2011, is as follows:

Fiscal Year	
2012	\$ 197,292
2013	153,572
2014	71,621
2015	66,997
2016	56,243
Total minimum payments	<u>\$ 545,725</u>

Rental expenditures for the year ended June 30, 2011 for all operating leases were \$141,049.

4. LEASES (Concluded)

Lessor - The School Division leases certain land where radio towers are located. The School Division does not own the radio towers but does own the land. The radio towers are located at York Middle School, York High School, and Waller Mill Elementary School. The School Division also leases a portion of Yorktown Middle School to the New Horizons Regional Education Center. The total cost and accumulated depreciation of the Yorktown Middle School building at June 30, 2011 is \$1,066,600 and \$761,652, respectively.

A summary of future minimum rental receipts under non-cancelable operating leases as of June 30, 2011, is as follows:

Fiscal Year	
2012	\$ 326,913
2013	326,724
2014	327,047
2015	326,554
2016	326,573
Total minimum payments	<u>\$ 1,633,811</u>

Rental revenue for all operating leases was \$326,866 for the year ended June 30, 2011.

5. LONG-TERM LIABILITIES

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2011 follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Compensated absences	\$ 1,832,071	\$ 1,115,861	\$ (925,141)	\$ 2,022,791	\$ 990,000
Net OPEB obligation	181,080	562,445	(344,342)	399,183	-
Claims liabilities	3,041,258	452,838	(184,406)	3,309,690	600,000
Total minimum payments	<u>\$ 5,054,409</u>	<u>\$ 2,131,144</u>	<u>\$ (1,453,889)</u>	<u>\$ 5,731,664</u>	<u>\$ 1,590,000</u>

The liability for compensated absences is generally liquidated by the fund for which the employee works. The net OPEB obligation and claims liabilities are generally liquidated by the General Fund.

6. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School Division is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Restricted				
Operations and maintenance	\$ -	\$ 2,902,899	\$ -	
Food service	-	-	542,233	542,233
Total restricted	-	2,902,899	542,233	542,233
Committed				
Self-insurance	3,309,690	-	-	3,309,690
Total committed	3,309,690	-	-	3,309,690
Assigned				
Instruction	2,768,954	-	-	2,768,954
Administration, attendance, health	164,207	-	-	164,207
Transportation	323,271	41,705	-	364,976
Operations and maintenance	2,524,193	175,424	-	2,699,617
Technology	1,888,362	427,102	-	2,315,464
Total assigned	7,668,987	644,231	-	8,313,218
Total fund balances	\$ 10,978,677	\$ 3,547,130	\$ 542,233	\$ 12,165,141

Included within the above fund balance classifications are the following encumbrances:

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Special education contractual services	\$ 1,634,342	\$ -	\$ -	\$ 1,634,342
Alternative education contractual services	298,379	-	-	298,379
Other education supplies and services	786,785	-	-	786,785
Vehicle replacement and maintenance	323,271	5,777	-	329,048
Building replacement and maintenance	2,737,848	1,560,693	-	4,298,541
Technology replacement and maintenance	1,888,362	-	-	1,888,362
Food services	-	-	1,520	1,520
	\$ 7,668,987	\$ 1,566,470	\$ 1,520	\$ 9,236,977

7. DEFINED BENEFIT PENSION PLANS

Virginia Retirement System (VRS)

Plan Description

The School Division contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System.

Professional and non-professional employees of the School Division are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool. As of June 30, 1992, non-professional employees of the School Division are also covered by the VRS. The payroll for professional employees covered by VRS for the year ended June 30, 2011, was \$61,396,807; the total payroll was \$62,054,481. The payroll for non-professional employees covered by VRS for the year ended June 30, 2011, was \$6,164,768; the total payroll was \$7,621,572.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of credited service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service for participating employers, payable monthly for life, in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing to the VRS at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

VRS plan members are required, by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. This 5% member contribution has been assumed by the School Division. In addition, the School Division is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Division's contribution rate for employees for the FY 2011 was 11.64% of annual covered payroll.

7. DEFINED BENEFIT PENSION PLANS *(Continued)*

Annual Pension Cost

For FY 2011, the School Division's annual pension cost of \$717,579 for non-professional employees and \$5,482,734 for professional employees was equal to the required and actual contributions.

Three-Year Trend Information - School (non-professional)			
Year Ended June 30,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 717,579	100%	\$ -
2010	\$ 743,242	100%	\$ -
2009	\$ 753,611	100%	\$ -

Three-Year Trend Information - School (professional)			
Year Ended June 30,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 5,482,734	100%	\$ -
2010	\$ 7,043,137	100%	\$ -
2009	\$ 8,711,674	100%	\$ -

The required contributions for VRS were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2010 included an investment return rate of 7.00%; an assumed annual cost of living adjustment of 2.50%; and projected salary increases ranging from 3.75% to 5.60% per year depending on the members service and classification. A 2.50% inflation adjustment is implicit in the investment rate of return and annual cost of living adjustment. The actuarial value of the School Division's assets is the adjusted market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period at the rate of 20% per year. The unfunded actuarial accrual liability is being amortized as a level percentage of payroll on an open basis over a remaining period of 20 years.

Contributions are recognized in the period in which amounts are due pursuant to formal commitments, and benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are paid from the School operating fund.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the School's plan was 85.24% funded. The actual accrued liability for benefits was \$16,705,389, and the actuarial value of assets was \$14,238,936, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,466,453. The covered payroll was \$6,308,288, and the ratio of the UAAL to the covered payroll was 39.10%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrued liability for benefits.

7. **DEFINED BENEFIT PENSION PLANS** *(Continued)*

York County Public Schools - Optional Plan

Plan Description

The Optional Plan, a single employer defined benefit pension plan, provides pension benefits to non-professional employees of the School Division who were not previously covered by VRS. A fiduciary agent of the School Division administers the optional plan, which provides retirement benefits as well as death and disability benefits. As of June 30, 1992, the optional plan was frozen and the non-professional employees who participated in the plan became fully vested. The non-professional employees now participate in the VRS as noted above. Stand-alone financial reports are not issued for this plan. The optional plan's current membership, as of June 30, 2011, includes 20 active participants, 77 retirees and beneficiaries, and 6 vested terminations.

Significant Accounting Policies

Basis of Accounting - The Optional Plan is accounted for and presented as a pension trust fund. The financial statements of the pension trust fund are prepared using the accrual basis of accounting. Contributions are recognized in the period in which amounts are due, and benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Non-actuarial administrative costs are financed directly from the plan assets. Actuarial administrative costs are paid from the School operating fund.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are recorded at cost, which approximates fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the School Division's fiscal year. Investments that do not have an established market are reported at estimated fair value.

Annual Pension Cost

For FY 2011, the School Division's annual required contributions for the optional plan were \$45,923, \$37,710, and \$55,838, and actual contributions were \$100,000, \$200,000, and \$200,000 for 2011, 2010 and 2009, respectively.

Three-Year Trend Information - School (optional plan)		
Year Ended June 30,	Required Contribution	Percentage Contributed
2011	\$ 45,923	100%
2010	\$ 37,710	100%
2009	\$ 55,838	100%

The required contribution was determined as part of the June 30, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, (b) post-retirement benefit increases of 2% per year, and (c) percentage of current retiree benefits to be paid of 100%. Because the plan is frozen, no salary increases are projected. A 2.5% inflation adjustment is implicit in the investment rate of return. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 20 years. The actuarial value of the School Division's assets is the market value of the assets, adjusted for accrued contributions and unpaid benefits.

7. DEFINED BENEFIT PENSION PLANS *(Concluded)*

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the School Division's plan was 89.17% funded. The actual accrued liability for benefits was \$2,137,314, and the actuarial value of assets was \$1,905,910, resulting in an unfunded actuarial accrued liability (UAAL) of \$231,404. The covered payroll was \$646,369, and the ratio of the UAAL to the covered payroll was 35.80%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrued liability for benefits.

8. CONTINGENT LIABILITIES

Risk Management

The School Division is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Division reports all of its risk management activities in its School Operating Fund and pays all claims for retained risks from School Operating Fund resources. The School Division maintains comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies and coverages for errors and omissions, and employer's liability and certain other risks with commercial insurance companies. The School Operating Fund retains the full risk for unemployment compensation, up to \$150,000 for each health care claim and up to \$500,000 for each workers' compensation occurrence. All unemployment, health care claims and workers' compensation claims are paid through a third-party administrator through resources from the School Operating Fund. There have been no reductions in insurance coverages from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past seven fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The School Division's health care liability of \$4,092,077 at June 30 is reasonably estimated and has been included in salaries, taxes and benefits payable in the School Operating Fund. Funding in the amount of these health care liabilities is on deposit with the third-party administrator. The School Division's workers' compensation claims liability of \$3,309,690 at June 30, 2011 is included in long-term debt, and is considered sufficient to cover pending claims and incurred but not reported claims that may arise. Changes in the reported amounts of health care and workers' compensation liabilities since June 30, 2009 resulted from the following:

	2011	2010
Accrued liability/designated fund balance - beginning of year	\$ 7,698,954	\$ 6,301,368
Claim and changes in estimates	11,664,403	12,109,628
Claims payment	<u>(11,961,590)</u>	<u>(10,712,042)</u>
Accrued liability/committed fund balance - end of year	<u><u>\$ 7,401,767</u></u>	<u><u>\$ 7,698,954</u></u>

8. CONTINGENT LIABILITIES *(Concluded)*

Grants

The School Division received grant funds, principally from the State and Federal Government, for instructional and various other programs. Expenditures from these grants are subject to audit by the grantor, and the School Division is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the School Division, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statements.

Litigation

The School Division is a defendant in various lawsuits and although the outcome of these lawsuits is not presently determinable, in the opinion of the School Division's counsel, a possible claim or assertion does exist. Management estimates that the outcome will not have a material adverse effect on the financial condition of the School Division.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 7, the School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, ten years of service and a minimum of 24-months participation in the health insurance program immediately prior to retirement. Currently, one retiree participates in this program. The School Division pays a monthly contribution of \$25 toward the health care program premium for a total period of time not to exceed ten years or until the retiree is eligible for Medicare, whichever occurs first.

Employees retiring after July 1, 2002 and having twenty or more years of service with the School Division and receiving a VRS annuity qualify for a health insurance premium contribution from the School Division. The 20 years need not be consecutive. The retiree's Virginia Retirement System annuity may be either a full or reduced benefit. Upon becoming eligible for Medicare, the retiree no longer receives this benefit. The amount of the School Division's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provisions. The School Division's 50% contribution is reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program. Retiring employees who have 15 years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program. At June 30, 2011, 71 retirees were participating in this program.

Funding Policy

The School Division has not advanced-funded or established a funding methodology for the annual Other Post-Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2010-2011 fiscal year, retirees and eligible dependents received post-employment health care benefits. The School Division provided required contributions of \$344,342 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, net of retiree contributions totaling \$425,634. Required contributions are based on projected pay-as-you-go financing.

9. OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Annual OPEB Cost and Net OPEB Obligation - The following table shows the School Division's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Division's net OPEB obligation:

	Fiscal Year Ended June 30, 2011
(1) Normal cost	\$ 310,264
(2) Amortization of Unfunded Accrued Liability	226,780
(3) Interest	24,167
(4) Annual Required Contribution	561,211
(5) Interest on Net OPEB Obligation (NOO)	8,149
(6) Amortization of NOO	(6,915)
(7) Annual OPEB Cost (AOC)	562,445
(8) Actual Contribution Towards OPEB Cost	(344,342)
(9) Increase in NOO	218,103
(10) NOO Beginning of Year	181,080
(11) NOO End of Year	\$ 399,183

The Division's historic annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Three-Year Trend Information			
Fiscal Year	AOC	Percentage of AOC Contributed	NOO
June 30, 2011	\$ 562,445	61%	\$ 399,183
June 30, 2010	\$ 530,853	59%	\$ 181,080
June 30, 2009	\$ 449,146	108%	\$ (36,651)

Funded Status and Funding Progress

As of June 30, 2011, the actuarial accrued liability for benefits was \$5,854,702, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$5,854,702. The covered payroll (annual payroll for active participating employees) was \$69,023,976, \$74,140,073 and \$74,222,736 for the 2011, 2010 and 2009 fiscal years, respectively and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.5%, 7.59%, and 6.3% for 2011, 2010 and 2009, respectively.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information as of June 30, 2009, the first year of implementation.

9. **OTHER POST-EMPLOYMENT BENEFITS** *(Concluded)*

Pursuant to an agreement dated September 19, 2002 entitled, *Post Employment Benefit Fund Agreement Between the County of York and the County School Board of York County*, a reserve fund was created in FY 2003 to accumulate, over time, funds for paying post employment benefits for retired School Division employees. Funds accumulated in the reserve fund from contributions from the School Division, plus accrued interest, are under the control and authority of the County pursuant to the agreement. The total balance in the reserve fund as of June 30, 2011 was \$4,434,210.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan member in the future.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 9.5%, grading to a rate of 5.0% for fiscal year ending June 30, 2016 (FY 2016). The School Division's unfunded actuarial accrued liabilities (UAAL) are being amortized as a level percentage of projected payroll with assumed growth of 3.5% per year on a closed basis within a period of 30 years.

10. **DEFERRED COMPENSATION PLAN**

The School Division offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all School Division employees, permits them to defer a portion of their salary to future years. Participation in the plan is optional. The deferred compensation is not available to employees until separation from service, retirement, death, disability, financial hardship and/or reaching age 59-½. The School Division offers a selection of investment options to participants. All earnings on the invested funds compound tax-free until withdrawn from the account.

11. TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND THE SCHOOL DIVISION

The following activities took place between the Primary Government and the School Division during the year ended June 30, 2011:

	Amount
School Operating Fund	\$ 44,645,536
Capital Projects Fund	1,631,161
Payments from the County of York	<u>\$ 46,276,697</u>
Purpose	
School operations	\$ 45,336,100
School construction - bond proceeds	1,104,638
School construction - cash for projects	131,513
School technology	395,010
Year-end reversion entry	(390,564)
Return of local funds	(300,000)
	<u>\$ 46,276,697</u>
Primary Government:	
General Fund	\$ 14,676,476
Capital Projects Fund	131,513
Due from the County of York	<u>\$ 14,807,989</u>
Purpose	
School operations	\$ 14,676,476
School construction - cash for projects	131,513
	<u>\$ 14,807,989</u>

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

The York County School Division

Schedule of Revenues Budget and Actual - General Fund Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Intergovernmental				
County of York	\$ 45,336,097	\$ 45,336,097	\$ 44,645,536	\$ (690,561)
Commonwealth of Virginia				
State sales tax	11,363,928	11,363,928	11,861,997	498,069
Basic aid	32,575,685	32,575,685	31,862,952	(712,733)
Composite index hold harmless	635,502	635,502	637,237	1,735
Adult education	3,712	3,712	10,386	6,674
Foster home children	63,643	63,643	22,919	(40,724)
Gifted and talented	355,679	355,679	351,931	(3,748)
Remedial programs	237,119	237,119	234,621	(2,498)
Remedial summer school	135,607	135,607	119,806	(15,801)
Reading intervention	72,428	72,428	57,180	(15,248)
Special education - SOQ	3,129,976	3,129,976	3,096,992	(32,984)
Homebound	27,252	27,252	35,504	8,252
Comprehensive services act	200,000	200,000	173,301	(26,699)
CSA - prior year	-	-	802	802
Free textbooks	124,357	124,357	123,046	(1,311)
Substitute Teachers	-	-	75	75
VOC ED - SOQ	442,623	442,623	437,958	(4,665)
Special education support	558,248	558,248	496,095	(62,153)
Employer share benefits	3,066,744	3,066,744	3,034,427	(32,317)
Other CAT/VOC ED	20,077	20,077	31,282	11,205
Career switchers program	-	-	8,000	8,000
At-risk	74,162	74,162	73,419	(743)
National board certification	-	-	30,000	30,000
SOL algebra readiness	35,161	35,161	37,163	2,002
Tech initiative - FY2008	544,000	544,000	-	(544,000)
Tech initiative - FY2009	-	-	544,000	544,000
Tech initiative - FY2010	-	-	544,000	544,000
Pre-school initiative	15,055	15,055	15,055	-
Textbooks - Lottery Funds	290,919	290,919	287,853	(3,066)
Miscellaneous grants	457,696	457,696	180,388	(277,308)
LEP	92,779	92,779	100,906	8,127
Total from the Commonwealth of Virginia	54,522,352	54,522,352	54,409,295	(113,057)

The York County School Division

Schedule of Revenues Budget and Actual - General Fund (Continued) Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Federal government				
Title I	355,915	355,915	400,744	44,829
Adult education	31,000	31,000	33,166	2,166
Title II A	286,653	286,653	239,198	(47,455)
Title II D	6,346	6,346	7,048	702
Title III A	24,862	24,862	29,196	4,334
Title IV A	21,151	21,151	7,805	(13,346)
Federal SFSF stimulus grant	-	1,491,267	957,506	(533,761)
Title VI B school age stimulus	-	1,359,354	1,361,964	2,610
Title VI B pre-school stimulus	-	45,768	45,768	-
Federal jobs bill	-	1,238,500	1,238,500	-
Impact aid	9,300,000	9,300,000	8,377,364	(922,636)
DOD - special education	-	-	12,259	12,259
DOD - heavily impacted	790,000	790,000	685,888	(104,112)
Forest reserve	-	-	36,433	36,433
Medicaid reimbursement	-	-	46,800	46,800
Title VI B	2,163,256	2,163,256	2,121,120	(42,136)
NJROTC	105,000	105,000	124,179	19,179
Miscellaneous grants	769,735	769,735	146,860	(622,875)
Total from the federal government	13,853,918	17,988,807	15,871,798	(2,117,009)
Miscellaneous revenues				
Use of money and property	723,900	723,900	614,902	(108,998)
Charges for services	522,800	522,800	645,255	122,455
Miscellaneous	72,500	72,500	138,067	65,567
Total miscellaneous revenues	1,319,200	1,319,200	1,398,224	79,024
Total revenues and other financing sources	\$ 115,031,567	\$ 119,166,456	\$ 116,324,853	\$ (2,841,603)

The York County School Division

Schedule of Expenditures Budget and Actual - General Fund Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education				
Instruction				
Classroom instruction services				
Regular education	\$ 52,853,586	\$ 52,066,190	\$ 50,769,390	\$ 1,296,800
Special education	8,455,553	7,700,192	6,341,167	1,359,025
Vocational education	2,779,398	2,702,983	2,264,509	438,474
Gifted and talented	355,976	367,413	363,676	3,737
Other programs	4,371,839	8,841,405	7,685,538	1,155,867
Instructional support - student				
Guidance	2,687,197	2,582,104	2,524,029	58,075
Homebound	60,194	60,194	72,923	(12,729)
Instructional support - staff				
Management and staff development	3,061,521	2,890,619	2,782,055	108,564
Media services	1,789,089	1,773,030	1,706,879	66,151
Instructional support - school administration				
Principals' offices	6,696,990	6,579,190	6,579,109	81
School carryover	3,349,407	3,349,407	2,731,106	618,301
Total instruction	86,460,750	88,912,727	83,820,381	5,092,346
Administration, attendance and health services				
Board services	133,899	133,899	99,924	33,975
Executive services	519,743	519,743	539,171	(19,428)
Communication services	365,565	366,737	365,468	1,269
Human resources	1,083,958	1,083,958	942,910	141,048
Fiscal services	974,126	974,126	963,028	11,098
Health services	1,385,389	1,385,389	1,302,879	82,510
Psychological services	554,504	554,504	540,594	13,910
Speech and audiology services	615,676	615,676	604,396	11,280
School carryover	144,743	144,743	104,271	40,472
Total administration, attendance and health services	5,777,603	5,778,775	5,462,641	316,134

The York County School Division

Schedule of Expenditures Budget and Actual - General Fund Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Operating costs:				
Pupil transportation				
Vehicle operation services	5,816,738	5,855,152	5,455,800	399,352
Vehicle maintenance services	1,108,027	1,208,027	1,130,476	77,551
School carryover	513,837	513,837	505,629	8,208
Total pupil transportation	<u>7,438,602</u>	<u>7,577,016</u>	<u>7,091,905</u>	<u>485,111</u>
Operations and maintenance				
Management and direction	182,363	173,278	168,542	4,736
Building services	8,974,530	9,374,530	6,964,978	2,409,552
Grounds services	1,129,722	1,129,722	1,129,722	-
Vehicle services	301,944	301,944	228,040	73,904
Warehouse and distribution services	404,507	404,507	348,590	55,917
School carryover	2,302,895	2,302,895	2,121,705	181,190
Total operations and maintenance	<u>13,295,961</u>	<u>13,686,876</u>	<u>10,961,577</u>	<u>2,725,299</u>
Total operating costs	<u>20,734,563</u>	<u>21,263,892</u>	<u>18,053,482</u>	<u>3,210,410</u>
Technology				
Classroom instruction	4,266,887	5,395,742	4,227,449	1,168,293
Instructional support	1,578,664	1,602,220	1,606,972	(4,752)
Administration	939,549	939,549	928,251	11,298
Operations and maintenance	1,496,746	1,496,746	940,978	555,768
Other programs - grants	87,687	87,687	96,477	(8,790)
School carryover	1,177,449	1,177,449	801,749	375,700
Total technology	<u>9,546,982</u>	<u>10,699,393</u>	<u>8,601,876</u>	<u>2,097,517</u>
Total expenditures	<u>\$ 122,519,898</u>	<u>\$ 126,654,787</u>	<u>\$ 115,938,380</u>	<u>\$ 10,716,407</u>

The York County School Division

Schedule of Funding Progress for Defined Pension Benefit Plans (Unaudited) Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age ⁽¹⁾ Projected Unit ⁽²⁾	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funding Excess) as a % of Payroll
School Division Plan - Non-Professional ⁽¹⁾						
June 30, 2008	\$ 13,220,810	\$ 13,963,359	\$ 742,549	94.68%	\$ 6,164,001	12.05%
June 30, 2009	\$ 13,799,075	\$ 15,038,513	\$ 1,239,438	91.76%	\$ 6,286,774	19.72%
June 30, 2010	\$ 14,238,936	\$ 16,705,389	\$ 2,466,453	85.24%	\$ 6,308,288	39.10%
Optional Plan ⁽²⁾						
June 30, 2006	\$ 1,174,655	\$ 2,140,987	\$ 966,332	54.87%	\$ 1,155,330	83.64%
June 30, 2007	\$ 1,754,350	\$ 2,094,391	\$ 340,041	83.76%	\$ 1,147,012	29.65%
June 30, 2008	\$ 1,795,341	\$ 2,147,410	\$ 352,069	83.60%	\$ 1,028,939	34.22%
June 30, 2009	\$ 1,607,917	\$ 2,119,957	\$ 512,040	75.85%	\$ 804,245	63.67%
June 30, 2010	\$ 1,727,814	\$ 1,963,084	\$ 235,270	88.02%	\$ 706,736	33.29%
June 30, 2011	\$ 1,905,910	\$ 2,137,314	\$ 231,404	89.17%	\$ 646,369	35.80%
Other Post Employment Benefits (OPEB)⁽¹⁾						
June 30, 2009*	\$ -	\$ 4,683,004	\$ 4,683,004	0.00%	\$ 74,222,736	6.31%
June 30, 2010	\$ -	\$ 5,629,250	\$ 5,629,250	0.00%	\$ 74,140,073	7.59%
June 30, 2011	\$ -	\$ 5,854,702	\$ 5,854,702	0.00%	\$ 69,023,976	8.48%

*2009 was the year of implementation for GASB Statement No. 45. There is no data available prior to this valuation.

The York County School Division

Schedule of Employer Contributions (Unaudited)
Year Ended June 30, 2011

School Board - Optional Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 124,695	100%
2007	\$ 69,186	100%
2008	\$ 45,750	100%
2009	\$ 55,838	100%
2010	\$ 37,710	100%
2011	\$ 45,923	100%

Other Post-Employment Benefits (OPEB)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009*	\$ 449,146	108%
2010	\$ 530,853	59%
2011	\$ 562,445	61%

*2009 was the year of implementation for GASB Statement No. 45. There is no data available prior to this valuation.

THE YORK COUNTY SCHOOL DIVISION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

1. BUDGETARY DATA

The School Division follows these procedures in establishing the budgetary data reflected in the basic financial statements:

As required under Section 22.1-92 of the *Code of Virginia*, the Division Superintendent prepares an estimate of the amount of money deemed to be needed in the General Fund, Special Revenue Fund and Capital Projects Fund during the next fiscal year for the support of the public schools of the School Division. The estimate is required to be allocated for each major classification prescribed by the State Division of Education. Section 22.1-115 of the *Code of Virginia* states "the Division shall prescribe the following major classifications for expenditures of school funds: (i) instruction, (ii) administration, attendance and health (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other non-instructional operations, (vi) facilities, and (vii) debt and fund transfers."

The Superintendent's proposed budget is based on budget requests prepared by administrative and supervisory staff. The Superintendent also receives input from the School Division, Employee Associations, Parent Teacher Associations, County Administrator, etc., in formulating the budget proposal. Citizen input is provided via a public forum early in the budget process. After the Superintendent's budget is made public, the School Division conducts a public hearing on the proposed budget.

The School Division is required by State law (Section 22.1-92 of the *Code of Virginia*) to conduct a public hearing on the proposed budget to receive the views of citizens. The School Division also holds several work sessions on the proposed budget and modifies the proposed budget if necessary. The School Division must approve the budget by April 1 and submit it to the Board of Supervisors for the County of York for its approval.

The Board of Supervisors is required by State law to approve a School Division budget by May 1. If the Board of Supervisors approves a local appropriation that is less than the amount the School Division requested, the School Division must reduce the proposed budget accordingly.

The School Division appropriates funds on a major classification level and may make supplemental appropriations based on the availability of financial resources. The Division Superintendent may only authorize the transfer of funds within the major classification, the legal level of budgetary control.

1. BUDGETARY DATA *(Continued)*

Every appropriation lapses at the close of the fiscal year to the extent that it has not been expended. Funding for projects such as the capital improvement program is reappropriated annually until the project has been accomplished or abandoned.

The budgets are prepared on a basis consistent with the modified accrual basis of accounting. Budgeted amounts reflected in the required supplementary information are as originally adopted or as amended by the School Division. The General Fund's budget is adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

2. LEGALLY ADOPTED BUDGETS

The general, capital projects, and special revenue funds have legally adopted annual budgets.

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OTHER SUPPLEMENTARY INFORMATION

The York County School Division

**Schedule of Revenues and Expenditures Budget and Actual
Capital Projects Fund
Year Ended June 30, 2011**

	Capital Projects Fund		Variance With Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues			
Intergovernmental			
From the County of York	\$ 3,995,010	\$ 1,631,161	\$ (2,363,849)
Revenue from the use of money	-	11,825	11,825
Total revenues	<u><u>\$ 3,995,010</u></u>	<u><u>\$ 1,642,986</u></u>	<u><u>\$ (2,352,024)</u></u>
Expenditures			
Capital outlay	\$ 9,732,432	\$ 3,723,394	\$ 6,009,038
Total expenditures	<u><u>\$ 9,732,432</u></u>	<u><u>\$ 3,723,394</u></u>	<u><u>\$ 6,009,038</u></u>

The York County School Division

Schedule of Revenues and Expenditures Budget and Actual Non-major Special Revenue Fund Year Ended June 30, 2011

	School Food Service Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental				
From the Commonwealth of Virginia	\$ 74,000	\$ 74,000	\$ 61,857	\$ (12,143)
From the federal government	1,250,000	1,250,000	1,372,392	122,392
Revenue from the use of money	15,000	15,000	2,066	(12,934)
Charges for services	3,673,098	3,673,098	2,543,614	(1,129,484)
Total revenues	<u>\$ 5,012,098</u>	<u>\$ 5,012,098</u>	<u>\$ 3,979,929</u>	<u>\$ (1,032,169)</u>
Expenditures				
Food Services				
Contractual services and purchases for resale	\$ 3,490,027	\$ 3,490,027	\$ 2,972,251	\$ 517,776
Donated commodities	250,000	250,000	307,235	(57,235)
Salaries and wages	689,389	689,389	523,875	165,514
Fringe benefits	560,682	560,682	305,238	255,444
Equipment replacement	12,000	12,000	-	12,000
Employee development	5,000	5,000	66	4,934
Travel	5,000	5,000	832	4,168
Total expenditures	<u>\$ 5,012,098</u>	<u>\$ 5,012,098</u>	<u>\$ 4,109,497</u>	<u>\$ 902,601</u>

The York County School Division

**Statement of Changes in Assets and Liabilities
Agency Fund - School Activity Funds
Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash and temporary investments	<u>\$ 1,606,037</u>	<u>\$ 4,803,833</u>	<u>\$ 4,815,486</u>	<u>\$ 1,594,384</u>
Liabilities				
Amounts held for others	<u>\$ 1,606,037</u>	<u>\$ 4,803,833</u>	<u>\$ 4,815,486</u>	<u>\$ 1,594,384</u>

STATISTICAL SECTION
(Unaudited)

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School Division's overall financial health.

Contents:

Financial Trends (pages 78 - 81)

These schedules contain trend information to help the reader understand how the School Division's financial performance and well-being have changed over time.

Revenue Capacity (pages 82 - 86)

These schedules contain information to help the reader assess the School Division's most significant local revenue source, Food Services charges for services. They also include the County's most significant local revenue source, property taxes, as the County provides significant revenues to the School Division.

Debt Capacity (pages 87 - 88)

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and ability to issue additional debt in the future. These schedules are shown because the County incurs significant debt for the School Division's use.

Demographic and Economic Information (pages 89 - 90)

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the School Division's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (pages 91 - 95)

These schedules contain service and infrastructure data to help the reader understand how the information in the School Division's financial report relates to the services the School provides and the activities it performs.

The York County School Division

Net Assets by Component - Accrual Basis of Accounting
Last Eight Fiscal Years ⁽¹⁾
(unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets,									
net of related debt	\$ 132,111,487	\$ 132,734,112	\$ 135,060,176	\$ 132,335,874	\$ 126,097,687	\$ 118,521,776	\$ 107,919,412	\$ 108,311,650	\$ 105,811,183
Restricted	2,902,899	3,682,691	-	-	8,470,345	5,331,245	-	796,427	1,019,930
Unrestricted	6,433,477	8,154,443	7,552,683	4,941,291	3,262,537	3,326,399	3,592,674	3,761,644	4,654,077
Total primary government									
net assets	<u>\$ 141,447,863</u>	<u>\$ 144,571,246</u>	<u>\$ 142,612,859</u>	<u>\$ 137,277,165</u>	<u>\$ 137,830,569</u>	<u>\$ 127,179,420</u>	<u>\$ 111,512,086</u>	<u>\$ 112,869,721</u>	<u>\$ 111,485,190</u>

⁽¹⁾ Reflects retroactive reporting to the year of GASB34 implementation, June 30, 2003.

The York County School Division

Changes in Net Assets - Accrual Basis of Accounting Last Eight Fiscal Years ⁽¹⁾ (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities								
Instruction	\$ 88,146,183	\$ 102,105,888	\$ 100,323,693	\$ 93,310,028	\$ 90,085,862	\$ 81,915,003	\$ 76,669,205	\$ 69,082,634
Administrative, attendance and health services	5,621,318	5,659,615	6,092,564	9,114,161	8,554,642	7,517,621	6,412,274	5,837,793
Transportation	7,343,358	6,689,204	6,556,444	6,655,318	6,028,267	6,716,845	5,242,264	4,968,615
Operations maintenance	11,110,634	12,342,550	11,191,453	12,257,005	12,101,456	11,140,232	10,918,247	10,145,537
Food services	8,702,882	3,860,618	4,186,429	4,406,639	4,063,833	4,016,427	3,852,601	3,455,830
Technology	4,146,776	-	-	-	-	-	-	-
Interest on capital leases	-	4,269	8,341	12,576	19,093	7,126	8,189	18,933
Total primary government expenses	125,071,151	130,662,144	128,358,924	125,755,727	120,853,153	111,313,254	103,102,780	93,509,342
Program revenues								
Governmental activities								
Charges for services								
Instruction	645,255	501,057	512,906	387,460	391,741	376,286	538,102	511,710
Food services	2,543,614	2,651,924	2,854,961	2,756,616	2,770,129	2,804,096	2,646,324	2,268,203
Operating grants and contributions	60,334,335	67,519,302	67,573,788	63,836,659	61,453,196	56,670,894	51,993,529	46,002,007
Capital grants and contributions	-	-	1,231,042	1,845,686	1,208,972	1,272,416	1,660,145	1,623,841
Total primary government program revenues	63,523,204	70,672,283	72,172,697	68,826,421	65,824,038	61,123,692	56,838,100	50,405,761
Net (expense)/revenue								
Total primary government net expense	(61,547,947)	(59,989,861)	(56,186,227)	(56,929,306)	(55,029,115)	(50,189,562)	(46,264,680)	(43,103,581)
General revenues and other changes in net assets								
Governmental activities								
Payments from York County	46,276,697	50,117,998	50,612,027	42,878,956	52,815,163	54,314,617	34,637,955	35,808,975
Shared intergovernmental revenues	11,861,997	11,291,540	10,473,202	10,937,058	11,266,703	10,333,640	9,306,537	7,940,139
Revenues from the use of money and property	30,789	207,705	214,513	2,196,245	1,195,331	886,946	536,367	512,158
Miscellaneous	255,081	331,005	222,179	363,643	403,067	321,693	426,186	226,840
Total primary government	58,424,564	61,948,248	61,521,921	56,375,902	65,680,264	65,856,896	44,907,045	44,488,112
Changes in net assets								
Total primary government	\$ 116,849,128	\$ 123,896,496	\$ 5,335,694	\$ (553,404)	\$ 10,651,149	\$ 15,667,334	\$ (1,357,635)	\$ 1,384,531

(1) Reflects retroactive reporting to the year of GASB34 implementation, June 30, 2003.

The York County School Division

Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund (1)										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	3,309,690	-	-	-	-	-	-	-	-	-
Assigned	7,668,987	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	7,550,946	6,946,238	5,905,974	4,282,348	4,338,943	3,943,555	3,751,632	4,813,836	4,001,899
Unreserved	-	3,041,258	2,811,011	2,911,736	2,209,444	1,754,474	2,131,098	1,699,006	1,586,692	1,517,263
Total general fund	\$ 10,978,677	\$ 10,592,204	\$ 9,757,249	\$ 8,817,710	\$ 6,491,792	\$ 6,093,417	\$ 6,074,653	\$ 5,450,638	\$ 6,400,528	\$ 5,519,162
All Other Governmental Funds (1)										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	542,233	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,547,130	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	1,739,816	434,066	2,226,149	7,220,504	5,442,581	960,971	1,208,122	1,855,968	3,670,236
Unreserved, reported in										
Special revenue fund	-	671,801	518,531	477,066	507,873	471,007	97,247	737,954	630,976	592,109
Capital project fund	-	3,887,722	1,426,898	(2,015,600)	1,411,492	470,464	407,951	410,562	1,534,822	2,941,033
Total all other governmental funds	\$ 4,089,363	\$ 6,299,339	\$ 2,379,495	\$ 687,615	\$ 9,139,869	\$ 6,384,052	\$ 1,466,169	\$ 2,356,638	\$ 4,021,766	\$ 7,203,378

(1) GASB 54 was implemented in 2011 and reflects new fund balance classifications for 2011. The new classifications have not been restated for 2010 and prior.

The York County School Division

Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Federal sources										
Federal grants	\$ 15,871,798	\$ 21,240,077	\$ 11,443,188	\$ 12,347,579	\$ 12,797,495	\$ 13,264,274	\$ 11,781,101	\$ 11,112,236	\$ 10,369,003	\$ 10,356,463
Food services	1,372,392	1,255,880	1,246,253	1,248,847	1,124,241	1,078,654	942,366	859,717	782,113	814,525
Total federal sources	17,244,190	22,495,957	12,689,441	13,596,426	13,921,736	14,342,928	12,723,467	11,971,953	11,151,116	11,170,988
State sources										
State education basic aid	31,862,952	34,085,563	42,428,319	35,601,854	35,239,777	31,852,161	31,003,195	26,214,429	25,239,532	23,259,516
State sales tax	11,861,997	11,291,540	10,473,202	10,937,058	11,266,703	10,333,640	9,306,537	7,940,139	7,291,953	7,254,188
Food services	1,372,392	64,925	66,944	65,939	64,283	61,065	54,920	51,053	48,969	49,350
State grants and other	9,373,811	10,495,914	13,067,600	15,703,458	13,435,872	11,683,201	9,872,092	9,386,313	10,395,441	9,616,908
Total state sources	54,471,152	55,937,942	66,036,065	62,308,309	60,006,635	53,930,067	50,236,744	43,591,934	42,975,895	40,179,962
Local sources			(1)		(1)			(1)		
Payments from York County	46,276,697	50,117,998	50,612,027	42,878,956	52,815,163	54,314,617	34,637,955	35,808,975	37,698,293	30,450,732
Food service sales	2,543,614	2,651,924	2,854,961	2,756,616	2,770,129	2,804,096	2,646,324	2,268,203	1,943,016	1,835,792
Interest and other income	628,793	696,700	878,873	1,176,981	1,195,331	886,946	536,367	512,158	580,480	605,155
Other revenues	783,322	720,010	623,251	646,968	795,308	701,934	964,288	740,650	585,599	727,654
Total local resources	50,232,426	54,186,632	54,969,112	47,459,521	57,575,931	58,707,593	38,784,934	39,329,986	40,807,388	33,619,333
Total revenues	121,947,768	132,620,531	133,694,618	123,364,256	131,504,302	126,980,588	101,745,145	94,893,873	94,934,399	84,970,283
Expenditures										
Instruction	83,820,381	97,868,494	96,297,060	87,648,146	85,684,494	79,042,519	72,199,940	64,156,077	60,385,900	56,268,252
Administration, attendance, and health services	5,462,641	5,495,520	5,937,858	8,945,661	8,329,524	7,420,691	6,404,403	5,907,512	5,429,175	4,705,618
Pupil Transportation	7,091,905	7,044,930	7,591,803	6,739,839	6,567,937	6,069,668	5,618,939	5,101,840	4,858,132	3,961,244
Operations and maintenance	10,961,577	11,520,301	11,115,340	11,205,861	11,653,064	11,080,684	11,023,760	10,111,467	8,950,532	8,022,027
Technology	8,601,876	-	-	-	-	-	-	-	-	-
Food services	4,109,497	3,822,554	4,138,012	4,197,435	4,024,382	3,977,129	3,823,924	3,416,064	2,745,592	2,798,917
Capital outlay	3,723,394	2,019,822	5,889,016	10,634,944	11,896,449	14,684,782	3,116,248	8,419,194	14,791,825	4,386,992
Debt service:										
Principal retirement	-	89,842	85,769	106,130	175,167	257,000	97,000	97,000	97,000	97,000
Interest and fiscal charges	-	4,269	8,341	12,576	19,093	7,126	8,189	18,933	23,975	28,983
Total expenditures	123,771,271	127,865,732	131,063,199	129,490,592	128,350,110	122,539,599	102,292,403	97,228,087	97,282,131	80,269,033
Excess of revenues over expenditures	(1,823,503)	4,754,799	2,631,419	(6,126,336)	3,154,192	4,440,989	(547,258)	(2,334,214)	(2,347,732)	4,701,250
Other financing sources (uses)										
Capital lease	-	-	-	-	-	495,658	-	-	-	-
Transfers in	-	-	-	-	-	500,000	-	-	-	-
Transfers out	-	-	-	-	-	(500,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	495,658	-	-	-	-
Net change in fund balances	\$ (1,823,503)	\$ 4,754,799	\$ 2,631,419	\$ (6,126,336)	\$ 3,154,192	\$ 4,936,647	\$ (547,258)	\$ (2,334,214)	\$ (2,347,732)	\$ 4,701,250
Debt service as a percentage of noncapital expenditures	0.00%	0.07%	0.08%	0.10%	0.17%	0.25%	0.11%	0.13%	0.15%	0.17%

(1) Significant increases in payments from York County are due to years in which long-term debt was issued by the County on behalf of the School Division. Capital Outlay expenditures also notably increase in these years.

The York County School Division

Food Services - Breakfast and Lunch Program Rates and Participation Last Ten Fiscal Years (unaudited)

Fiscal Year	Breakfast Program Meal Prices				Lunch Program Rates Meal Prices				Average Percentage of Students Participating in School Lunch Program	Percentage of Students Receiving Free or Reduced Meals
	Middle/				Middle/					
	Elementary	High	Adult	Reduced	Elementary	High	Adult	Reduced		
2011	\$1.20	\$1.30	\$1.60	\$0.30	\$2.15	\$2.25	\$2.85	\$0.40	38.67%	17.18%
2010	\$1.10	\$1.20	\$1.55	\$0.30	\$2.05	\$2.15	\$2.80	\$0.40	40.97%	15.10%
2009	\$0.95	\$1.05	\$1.30	\$0.30	\$2.00	\$2.10	\$2.75	\$0.40	40.56%	15.70%
2008	\$0.95	\$1.05	\$1.30	\$0.30	\$1.90	\$2.00	\$2.60	\$0.40	41.79%	14.41%
2007	\$0.95	\$1.05	\$1.30	\$0.30	\$1.85	\$1.95	\$2.50	\$0.40	43.75%	14.18%
2006	\$0.85	\$1.05	\$1.30	\$0.30	\$1.75	\$1.85	\$2.50	\$0.40	46.42%	13.92%
2005	\$0.75	\$0.95	\$1.20	\$0.30	\$1.65	\$1.75	\$2.25	\$0.40	48.18%	14.15%
2004	\$0.75	\$0.95	\$1.05	\$0.30	\$1.65	\$1.75	\$2.25	\$0.40	45.88%	13.49%
2003	\$0.75	\$0.95	\$1.05	\$0.30	\$1.65	\$1.65	\$2.25	\$0.40	42.51%	13.26%
2002	\$0.75	\$0.95	\$1.05	\$0.30	\$1.55	\$1.65	\$2.15	\$0.40	52.99%	14.25%

Source: York County School Division

The York County School Division

Assessed Value and Estimated Actual Value of Taxable Property of the County of York, Virginia Last Ten Calendar Years (unaudited)

Year	Real Estate	Personal Property	Mobile Home	Public Utility			Total Taxable Assessed Value	Total Direct Tax Rate
				Real Estate	Personal Property	CPC Equipment		
2011	\$ 8,949,135,600	\$ 493,248,385	\$ 4,187,400	\$ 382,175,535	\$ 96,956	\$ 68,960,274	\$ 9,897,804,150	\$ 0.8232
2010	8,961,227,100	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	8,993,599,500	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123
2008	8,769,689,200	515,107,210	4,276,100	308,145,734	148,765	67,877,755	9,665,244,764	0.8348
2007	7,645,795,200	487,921,335	4,224,900	326,639,988	174,188	75,653,448	8,540,409,059	0.8850
2006	7,454,449,300	476,044,805	4,234,365	281,865,579	147,630	56,217,994	8,272,959,673	0.8866
2005	5,342,391,200	438,975,665	4,533,300	308,441,261	195,614	108,900,347	6,203,437,387	1.0399
2004	5,177,858,100	389,936,240	4,048,700	311,750,291	103,116	83,427,310	5,967,123,757	1.0628
2003	4,332,695,900	372,586,710	4,483,220	383,517,402	81,725	47,572,000	5,140,936,957	1.0860
2002	4,164,948,589	357,154,465	4,710,800	373,094,854	67,399	45,232,394	4,945,208,501	1.0852

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2011

The York County School Division

Property Tax Rates for the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	Real Estate (1) (2) (3)	Personal Property (1)	Mobile Home (1) (3)	CPC Equipment (1) (3)
2011	0.6575	4.00	0.6575	0.526
2010	0.6575	4.00	0.6575	0.526
2009	0.6575	4.00	0.6575	0.526
2008	0.6975/0.6575	4.00	0.6975/0.6575	0.558/0.526
2007	0.6975	4.00	0.6975	0.558
2006	0.8175/0.6975	4.00	0.8175/0.6975	0.654/0.558
2005	0.8175	4.00	0.8175	0.654
2004	0.86/0.8175	4.00	0.86/0.8175	0.688/0.654
2003	0.86	4.00	0.86	0.688
2002	0.86	4.00	0.86	0.688

⁽¹⁾ Tax rate per \$100 of assessed valuation.

⁽²⁾ The amount designated for school operating is \$0.502 for fiscal year 2011.

⁽³⁾ The tax rate, 1st half/2nd half.

Note: The County has no overlapping taxes with other governments.

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2011

The York County School Division

Principal Property Taxpayers of the County of York, Virginia - Calendar Year Current Year and Nine Years Prior (unaudited)

Taxpayer	Description	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2001 Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Virginia Power Company	Generating plant	\$ 379,602,613	1	3.78%	\$ 349,348,606	1	7.72%
Western Refining Yorktown, Inc.	Refinery	193,263,805	2	1.92%	81,432,885	3	1.80%
Lawyers Title/Fairfield Resorts	Timeshare condos	187,579,815	3	1.87%	90,609,160	2	2.00%
Great Wolf Lodge of Williamsburg, LLC	Hotel and water park	84,425,890	4	0.84%			
City of Newport News	Water system	75,864,300	5	0.75%	62,481,700	4	1.38%
Kings Creek Plantation	Timeshare condos	73,321,625	6	0.73%			
Busch Entertainment	Water park	49,390,485	7	0.49%	43,798,915	5	0.97%
Wal-Mart	Retail sales	38,875,975	8	0.39%			
Premier Properties	Marquis shopping center	35,324,200	9	0.35%			
Phillip Morris USA Inc.	Manufacturer	18,157,300	10	0.18%	12,654,930	10	0.28%
Verizon Virginia, Inc.	Telephone company				25,759,042	6	0.57%
Virginia Natural Gas	Natural gas company				20,376,359	7	0.45%
Kiln Creek Shopping Center	Retail sales				18,249,300	8	0.40%
1991 Ashe Partnership	Developer				16,195,320	9	0.36%
Total		<u>\$ 1,135,806,008</u>		<u>11.30%</u>	<u>\$ 720,906,217</u>		<u>15.93%</u>

Source: Commissioner of the Revenue of the County of York, Virginia.

The York County School Division

Property Tax Levies and Collections of the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Tax Levy (1) (2)	Current Tax Collections (1)	Percent of Levy Collected	Collections in Subsequent Year	Total Collections to Date	
					Amount	Percentage of Levy
2011	\$78,309,524	\$74,202,547	94.76%	\$ -	74,202,547	94.76%
2010	79,967,238	74,592,412	93.28%	975,884	75,568,296	94.50%
2009	77,519,190	74,221,594	95.75%	1,570,511	75,792,105	97.77%
2008	72,552,762	70,122,593	96.65%	1,967,726	72,090,319	99.36%
2007	69,290,160	67,367,845	97.23%	1,337,686	68,705,531	99.16%
2006	67,054,087	64,874,238	96.75%	1,555,487	66,429,725	99.07%
2005	65,863,726	63,315,662	96.13%	1,645,898	64,961,560	98.63%
2004	60,823,449	58,099,636	95.52%	2,012,461	60,112,097	98.83%
2003	57,471,361	55,137,811	95.94%	1,878,873	57,016,684	99.21%
2002	53,335,585	51,353,839	96.28%	1,664,945	53,018,784	99.41%

⁽¹⁾ Effective for 2006, the Commonwealth of Virginia passed legislation changing the nature of the Personal Property Tax Relief Act "PPTRA" (Virginia State Code, Title 58.1, Chapter 35) from a reimbursement based entitlement program to a block grant. Consequently, the levy and collections for the first half of calendar year 2006 (second half of fiscal year 2006), excludes the Commonwealth's non-categorical aid for PPTRA. Figures for the second half of calendar year 2005 (first half of fiscal year 2006) and for applicable prior years include the Commonwealth's reimbursement for PPTRA.

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2011

The York County School Division

Ratio of Outstanding Debt By Type of the County of York, Virginia⁽¹⁾ Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Primary Government - County of York, Virginia							Total School Division		Percentage of Personal Income	Per Capita
	General	Revenue Bonds	Literary Loans	Capital Leases	Lease	Note Payable	Total	Capital	Total		
	Obligation Bonds				Revenue Bonds		Primary Government	Leases	School Division		
2011	\$ 55,305,000	\$ 23,452,310	\$ 100,000	\$ 5,021,889	\$ 28,835,000	\$1,041,781	\$ 113,755,980	\$ -	\$ -	3.24%	\$1,718
2010	58,510,000	8,484,413	200,000	2,853,785	30,565,000	1,341,604	101,954,802	-	-	2.65%	1,561
2009	58,395,000	8,785,933	300,000	3,513,765	31,715,000	1,620,440	104,330,138	89,842	89,842	2.87%	1,608
2008	56,910,000	9,071,898	400,000	1,683,896	15,595,000	1,879,758	85,540,552	175,611	175,611	2.50%	1,324
2007	60,925,000	9,347,334	550,000	1,881,448	16,680,000	2,120,925	91,504,707	281,741	281,741	2.76%	1,434
2006	53,455,000	9,612,267	710,000	1,915,883	17,740,000	2,345,211	85,778,361	456,908	456,908	2.74%	1,355
2005	41,655,000	9,886,722	870,000	1,274,189	18,780,000	2,553,797	75,019,708	218,250	218,250	2.57%	1,202
2004	44,785,000	9,310,721	1,030,000	1,525,471	19,795,000	2,747,783	79,193,975	315,250	315,250	3.00%	1,281
2003	43,740,000	9,484,287	1,190,000	1,766,247	3,070,000	2,928,191	62,178,725	412,250	412,250	2.46%	1,026
2002	38,715,000	9,652,440	1,350,000	1,931,455	3,385,000	3,095,971	58,129,866	509,250	509,250	2.45%	979

(1) Bonds are shown at gross, excluding premiums and/or discounts and deferred revenue amounts on refundings.

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2011

The York County School Division

Ratio of General Bonded Debt Outstanding for the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	\$ 55,305,000		\$ 55,305,000	0.56%	835
2010	58,510,000	-	58,510,000	0.59%	896
2009	58,395,000	-	58,395,000	0.59%	900
2008	56,910,000	-	56,910,000	0.59%	881
2007	60,925,000	-	60,925,000	0.71%	955
2006	53,455,000	-	53,455,000	0.65%	844
2005	41,655,000	-	41,655,000	0.67%	668
2004	44,785,000	-	44,785,000	0.75%	725
2003	43,740,000	-	43,740,000	0.85%	722
2002	38,715,000	-	38,715,000	0.78%	652

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2011

The York County School Division

Demographic and Economic Statistics

Last Ten Fiscal Years

(unaudited)

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (Thousands)	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	Education Level In Years of Formal Schooling ⁽⁴⁾	Student Average Daily Membership ⁽⁵⁾	Unemployment Rate ⁽⁶⁾
2011	66,200	\$ 3,509,964	\$ 47,922	40.60	13.00	12,477	5.70%
2010	65,500	3,482,686	47,207	40.50	13.00	12,533	5.60%
2009	64,900	3,455,621	47,380	39.90	13.00	12,732	5.50%
2008	64,600	3,480,680	47,553	39.80	13.00	12,745	3.50%
2007	63,800	3,317,909	45,244	39.20	13.00	12,649	2.60%
2006	63,300	3,129,664	42,858	38.70	13.00	12,797	2.80%
2005	62,400	2,924,556	40,209	38.70	13.00	12,442	2.90%
2004	61,800	2,642,660	36,743	38.30	12.80	12,363	2.80%
2003	60,600	2,525,203	35,352	38.00	12.80	12,184	3.00%
2002	59,400	2,376,118	33,576	37.40	12.80	12,010	2.80%

Source:

⁽¹⁾ U.S. Census Bureau (2011); County Planning Division - estimated (2010 - 2002).

⁽²⁾ County Planning Division - estimated (2011 - 2010); U.S. Bureau of Economic Analysis (2009 - 2002). The U.S. Bureau of Economic Analysis figures include the City of Poquoson.

⁽³⁾ County Planning Division 2011 (estimated); U.S. Bureau of Economic Analysis (2010 - 2002)

⁽⁴⁾ Educational Attainment data published in the U.S. Census Bureau.

⁽⁵⁾ County School Division

⁽⁶⁾ Local Area Unemployment Statistics Program and the Bureau of Labor Statistics.

The York County School Division

Principal Employers Current Year and Nine Years Prior (unaudited)

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Naval Weapons Station / Cheatham Annex	2,998	1	13.44%	3,177	1	18.08%
York County School Division	1,808	2	8.11%	1,636	2	9.30%
U.S. Coast Guard Station	1,399	3	6.27%	787	5	4.47%
Wal-Mart	962	4	4.31%	914	3	5.19%
Water Country	954	5	4.28%	814	4	4.63%
York County Government	732	6	3.28%	595	6	3.38%
Sentara Williamsburg Regional Medical Center	671	7	3.01%			
Great Wolf Lodge	505	8	2.26%			
Windham Vacation Ownership	281	9	1.26%			
Kings Creek Plantation	199	10	0.89%	239	9	1.36%
Fairfield Resorts				326	7	1.85%
K-Mart				267	8	1.52%
Giant				199	10	1.13%
Total	10,509		47.11%	8,954		50.91%

Source: County Office of Economic Development.

The York County School Division

Full-time Equivalent Division Employees by Type Last Ten Fiscal Years (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Athletic Directors	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-	-
Board Members	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Bus Drivers	131.00	133.00	133.00	133.00	136.00	136.00	130.00	128.00	129.00	126.00
Bus Driver Assistants	25.00	25.00	25.00	25.00	25.00	25.00	21.00	21.00	21.00	21.00
Cafeteria Monitors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Chief Financial Officer	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Clerical	72.69	74.75	74.75	74.25	75.25	73.25	65.25	66.25	71.75	70.50
Clerk of the Board	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clinic Aides	-	-	-	-	-	1.00	2.00	2.00	2.00	3.00
Crossing Guards	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Custodians	103.50	108.50	108.50	100.50	100.50	100.50	85.80	85.80	85.80	85.80
Directors	10.25	9.25	10.25	9.25	11.25	9.25	9.25	9.75	9.25	8.25
Division Chiefs	3.00	4.00	4.00	4.00	3.00	-	-	-	-	-
Food Service Personnel	33.66	35.66	44.66	48.32	53.32	63.83	95.00	95.00	95.00	95.00
Guidance Counselors	33.00	33.50	33.50	34.00	34.00	34.00	33.50	33.00	33.00	33.00
Instructors	10.00	10.00	10.00	10.00	10.00	11.00	10.00	10.00	10.00	10.00
Librarians	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Mechanics	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Nurses	17.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00	16.00	15.00
Occupational Therapists	4.50	4.50	4.50	4.50	4.00	4.00	3.00	3.00	2.00	2.00
Para-Educators	270.00	268.00	272.00	261.00	268.50	263.00	285.93	244.93	217.93	212.92
Physical Therapists	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Principals	19.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	20.00	20.00
Principals (Assistants)	27.00	27.00	27.00	27.00	25.00	23.00	23.00	22.00	20.00	20.00
Psychologists	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	9.00
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Superintendent (Assistant)	-	-	-	-	-	2.00	1.00	1.00	1.00	1.00
Teachers	867.80	868.16	862.16	833.25	845.72	839.58	818.32	799.97	772.79	768.94
Technical	101.79	107.17	113.96	110.26	114.54	112.54	99.22	94.57	84.57	69.20
Trades	24.00	24.00	26.00	24.00	24.00	24.00	23.00	23.00	25.00	25.00
Total Full-Time Equivalents	1,807.69	1,822.99	1,839.78	1,788.83	1,821.58	1,813.45	1,795.77	1,725.77	1,666.59	1,636.11

Source: York County School Division

The York County School Division

Operating Fund Statistics Last Ten Fiscal Years (unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage Change
2011	12,477	\$ 115,938,380	\$ 9,292	-4.6%	919.80	13.6	-0.5%
2010	12,533	122,023,356	9,736	2.4%	919.66	13.6	-2.2%
2009	12,732	121,036,171	9,506	5.7%	913.66	13.9	-3.2%
2008	12,745	114,658,213	8,996	0.1%	885.25	14.4	2.1%
2007	12,649	112,429,279	8,888	9.5%	897.72	14.1	-1.8%
2006	12,797	103,877,688	8,117	5.9%	891.58	14.4	0.3%
2005	12,442	95,355,488	7,664	10.6%	869.82	14.3	-1.5%
2004	12,363	85,675,590	6,930	5.9%	850.97	14.5	-1.8%
2003	12,184	79,744,280	6,545	4.4%	823.79	14.8	1.0%
2002	12,010	75,278,680	6,268	-0.4%	819.94	14.6	-0.6%

Source: York County School Division

The York County School Division

Capital Assets Information by Governmental Activities Last Ten Years (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Buildings:										
Elementary Schools	10	10	10	10	10	10	10	10	10	10
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	4	4	4	4	4	4	4	4	4	4
Charter Schools	1	1	1	1	1	1	1	1	1	1
Other:										
Athletic Fields	44	44	44	44	43	43	43	43	43	43
Playgrounds	30	30	30	20	20	20	20	20	20	20
Pupil Transportation:										
Buses	158	154	153	150	150	150	150	148	145	143
Operations and Maintenance:										
Vehicles	76	75	78	70	70	76	64	65	60	55

Source: York County School Division

The York County School Division

School Building Information Last Ten Years (unaudited)

School	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary										
Bethel Manor Elementary										
Square feet	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685
Capacity	698	698	698	698	698	698	698	698	698	698
Enrollment	388	525	549	565	555	598	625	595	534	520
Coventry Elementary										
Square feet	78,033	78,033	78,073	78,073	78,073	78,073	78,073	78,073	78,073	78,073
Capacity	708	708	708	708	708	708	708	708	708	708
Enrollment	640	604	612	646	637	669	644	681	686	676
Dare Elementary										
Square feet	63,415	63,415	64,300	52,100	52,100	52,100	52,100	52,100	52,100	52,100
Capacity	867	867	867	427	427	427	427	427	427	427
*Enrollment	460	438	436	447	421	442	391	374	414	381
Grafton Bethel Elementary										
Square feet	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583
Capacity	703	703	703	703	703	703	703	703	703	703
Enrollment	624	617	628	642	623	614	634	650	626	620
Magruder Elementary										
Square feet	74,867	74,867	74,867	70,400	70,400	70,400	70,400	70,400	70,400	70,400
Capacity	740	740	740	653	653	653	653	653	653	653
Enrollment	570	593	640	599	614	570	525	527	512	531
Mt. Vernon Elementary										
Square feet	69,689	57,999	57,999	57,999	57,999	57,999	57,999	57,999	57,999	57,999
Capacity	782	542	542	542	542	542	542	542	542	542
Enrollment	557	554	544	552	535	537	496	495	581	589
Seaford Elementary										
Square feet	55,553	55,553	55,553	55,553	55,553	55,553	55,553	55,553	55,553	55,553
Capacity	506	506	506	506	506	506	506	506	506	506
Enrollment	521	519	532	520	508	517	496	492	489	472
Tabb Elementary										
Square feet	68,425	68,425	68,425	68,425	68,425	68,425	68,425	68,425	68,425	68,425
Capacity	627	627	627	627	627	627	627	627	627	627
Enrollment	634	531	540	551	546	578	619	619	616	645
Waller Mill Elementary										
Square feet	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665
Capacity	297	297	297	297	297	297	297	297	297	297
Enrollment	320	321	339	328	301	307	288	289	287	257
Yorktown Elementary										
Square feet	66,402	66,402	66,402	54,200	54,200	54,200	54,200	54,200	54,200	54,200
Capacity	734	734	734	494	494	494	494	494	494	494
Enrollment	625	584	513	489	464	497	507	493	431	396

The York County School Division

School Building Information Last Ten Years (unaudited)

School	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Middle										
Grafton Middle										
Square feet	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229
Capacity	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	881	875	854	893	934	945	981	966	947	915
Queens Lake Middle										
Square feet	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047	48,100	48,100
Capacity	681	681	681	681	681	681	681	681	490	490
Enrollment	473	490	543	570	545	519	484	486	493	510
Tabb Middle										
Square feet	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771
Capacity	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178
Enrollment	774	829	897	954	967	1,014	936	994	987	964
Yorktown Middle										
Square feet	98,918	98,918	98,918	98,918	65,600	65,600	65,600	65,600	65,600	65,600
Capacity	982	982	982	982	629	629	629	629	629	629
Enrollment	742	752	739	713	666	699	667	666	630	607
High										
Bruton High										
Square feet	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	151,700
Capacity	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039
Enrollment	636	668	727	726	746	739	703	661	621	585
Grafton High										
Square feet	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229
Capacity	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397
Enrollment	1,309	1,277	1,281	1,296	1,299	1,280	1,264	1,253	1,208	1,241
Tabb High										
Square feet	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597
Capacity	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Enrollment	1,164	1,245	1,257	1,267	1,283	1,293	1,305	1,216	1,175	1,122
York High										
Square feet	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091
Capacity	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,045	1,078	1,036	977	1,014	974	957	960	922	866
York River Academy										
Square feet	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Capacity	40	40	40	40	40	40	40	40	40	40
Enrollment	56	58	50	50	40	37	39	42	48	45

*Enrollment excludes Extend Center which was added in 2009. Students are included in the enrollment at their home school.

Source: York County School Division

COMPLIANCE SECTION

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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the School Board
York County School Division

We have audited the basic financial statements of the York County School Division, a component unit of the County of York, Virginia, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the York County School Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the York County School Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the York County School Division's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether York County School Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of York County School Division, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekant & Holland, L.L.P.

Richmond, Virginia
November 20, 2011



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE
WITH COMMONWEALTH OF VIRGINIA'S LAWS,
REGULATIONS, CONTRACTS, AND GRANTS**

Members of the School Board
York County School Division

We have audited the basic financial statements of the York County School Division, a component unit of the County of York, Virginia, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 20, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the York County School Division's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions, and accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

<u>Code of Virginia</u>		<u>State Agency</u>
<u>Requirements</u>		
Budget and Appropriation Laws	Retirement	Education
Cash and Investments	Procurement	
Conflicts of Interest	Unclaimed Property	

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

This report is intended solely for the information of the York County School Division, management, the Auditor of Public Accounts and applicable State agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekert & Holland, L.L.P.

Richmond, Virginia
November 20, 2011

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